



Daily Report

China

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General

Li Peng Praises World Agricultural Fund
OW281934 Beijing XINHUA in English 1041 GMT
27 Jan 88

[Text] Rome, January 26 (XINHUA)—Chinese Acting Premier Li Peng highly praised the International Fund for Agricultural Development (IFAD) for its contributions to agricultural development in developing countries.

A message from the Chinese acting premier, read out at the IFAD 11th session today by its chairman Gerrit Braks, praised the very positive role of IFAD since its founding ten years ago in supporting, on concessional terms, the agricultural development of developing countries and in eliminating poverty and malnutrition in these nations.

Over the past ten years, IFAD has granted some 2.4 billion U.S. dollars to 89 developing nations for projects, benefiting nearly 110 million people.

"It has also contributed towards promoting South-North and South-South cooperation in the field of agriculture," the message said. Li Peng expressed the Chinese government's satisfaction with and appreciation of its fruitful cooperation with IFAD in the agricultural sector.

Li Peng said he wished that "positive steps will be taken by the 11th session of the governing council to enable IFAD to contribute more vigorously to the enhancement of agricultural production in the developing countries and to international cooperation in agriculture on the basis of adhering to its established objectives and governing structure."

Braks also read out all other messages from heads of state and government greeting the opening of the session.

The four-day meeting will mainly examine ways of improving funding of the agency.

Idriss Jazairy, president of IFAD, told the meeting that this year would start IFAD's second decade on a firm financial foundation, referring to the discussions of the high-level intergovernmental committee, which met last year to review proposals on fund's financial basis and structure.

He said he drew the conclusion from the committee's deliberations that "critical ingredients for successful third replenishment negotiations are all there."

IFAD was established with initial pledges amounting to about one billion dollars. The first replenishment of funds covering the period 1981-1984 brought about pledges of 1.1 billion dollars, and the level of the second replenishment (1985-1987) was set at 460 million dollars.

Italian Premier Giovanni Gorla announced at the meeting that Italy will contribute 10 million dollars to IFAD's funds for fighting drought and famine in sub-Saharan Africa.

"There is a need for international solidarity to help the poorest," Gorla said.

United States & Canada

Commentary on Reagan's State of Union Address
HK281354 Beijing RENMIN RIBAO in Chinese 28 Jan
88 p 6

[Commentary by RENMIN RIBAO reporter Zhang Yunwen (17280336 2429): "The Last Act"—first paragraph is RENMIN RIBAO introduction]

[Text] Apart from domestic issues, Reagan is facing two challenges in international matters: Arms control talks with the Soviet Union and aid for the Nicaraguan antigovernment forces.

Tonight, President Reagan delivered his yearly State of the Union Address, his last during his second term of office.

What is the present state of the United States?

The President described it as strong, prosperous, at peace, and free. However, leaders of the Senate and House of Representatives view it differently. After the President delivered his address, they expressed their views on television. On the one hand, they congratulated Reagan on his signing of the INF treaty with the Soviet leader. On the other, however, they pointed out something not discussed in the State of the Union Address: Over the past 7 years, the total amount of the national debt has doubled, the record trade deficit is becoming an increasingly serious problem, and the United States has become the world's leading debtor country. The U.S. public also has its own views. Tonight, CBS announced the results of the latest opinion poll. According to this opinion poll, 36 percent of the American respondents think that conditions in the United States have improved since 1983. However, 40 percent of the respondents think that conditions have worsened. According to some experts, during President Reagan's term of office, because of the great increase in military spending and tax reductions, there has been the serious problem of the great budget deficit and the related problem of the country's trade deficit. The Reagan administration has practically used "foreigners' credit cards to buy 60 months' sluggish economic growth," thus introducing some hidden economic perils.

An outstanding feature of the State of the Union Address delivered by President Reagan tonight is its emphasis on some general faiths and beliefs. Not many specific issues were discussed in it. According to public opinion, the reason is simply that this is the last year of President

Reagan's term of office, as well as an election year. Campaigns will kick off in Iowa and New Hampshire next month. After the nomination conventions are over this coming summer, the country will be overwhelmed by campaign excitement, people will focus their attention on the presidential election, and domestic politics will affect the president's actions and prevent him from achieving anything important. Today, President Reagan strove, through adopting an optimistic tone, to get rid of the "lame duck" image of a president soon to leave office and to show that he has recovered from "Irangate" and is trying to make up for "the year he has lost." On 19 January, amid the celebrations launched to mark his seventh year in office, he indicated that he was going to complete the "last act" with his cabinet and earn his standing ovation. Tonight, he raised the curtain. However, observers are not too optimistic about this "last act."

Apart from domestic issues, Reagan will soon have to face two challenges in international matters—the arms control talks with the Soviet Union and the resumption of aid for the Nicaraguan rebel forces.

Today, the Congress started hearings and deliberations on the INF treaty. Although one cannot tell for sure whether it will approve the treaty, it is generally supposed, however, that it will get through. Of even greater importance are the talks on strategic nuclear arms. Although the two sides have spent much time bargaining on the reduction of different types of arms and on verification, neither has made any substantive concessions regarding the question of the "Star Wars" program. The conservatives in Congress and in the government have made it clear that they will try their best to prevent the country from reaching any agreement with the Soviet Union on strategic arms.

The resumption of military aid for the Nicaraguan rebels is a priority in Reagan's foreign policy. However, since 1982, this aid has failed to help the rebels topple the Nicaraguan Government. Five Central American countries are trying their best to promote peace in Central America and to prevent the United States from providing aid for the Nicaraguan rebel forces. Most U.S. congressmen are also against it, pointing out that peace efforts will be frustrated by this aid. Since "Irangate," there are fewer and fewer people who favor aid for the Nicaraguan rebel forces. According to the opinion poll results announced today, 58 percent of the respondents are against this aid and only 30 percent of the respondents favor it. In view of this, the Reagan administration has gradually reduced it, and tries to avoid mentioning it for the time being. In early February, the Congress will put this issue to the vote. Regarding this "most important confrontation" between Reagan and the Congress before the end of his second term of office, people are unanimous in thinking that the administration will be frustrated.

PRC-U.S. Trade Volume Increases in 1987
OW290509 Beijing XINHUA in English 1110 GMT
27 Jan 88

[Text] Beijing, January 27 (XINHUA)—Trade volume between China and the United States hit 7.8 billion U.S. dollars in 1987, or 500 million U.S. dollars more than the previous year.

Last year China exported three billion U.S. dollars worth of goods to the United States, or 15.6 percent more than in 1986, today's issue of "INTERNATIONAL BUSINESS" reported, adding imports from the U.S. totaled 4.8 billion U.S. dollars, or an increase of 2.4 percent.

The paper quoted Liu Zepu, a bureau director at the Ministry of Foreign Economic Relations and Trade, as saying, the future for Sino-U.S. trade is good, but U.S. protectionism is still a shadow over trade relations between the two countries.

According to Liu, China's exports of textiles, grain, edible oils, food, petroleum, produce, animal products and machinery to the United States showed good increases last year.

He also said, direct U.S. investment in China had climbed to 3.1 billion U.S. dollars as of the end of last September, and accounted for 14 percent of all China's foreign investment.

Soviet Union

Article on Critical Stage of USSR Reform
OW290201 Beijing BEIJING REVIEW in English
11-17 Jan 88 pp 16-18

[Zhang Tiegang article "Soviet Reform Program Faces Test"]

[Text] Under the leadership of Mikhail Gorbachev, the Soviet Union has basically completed preparations for its economic reform programme. Despite constant interference from both "radical" and "conservative" factions, a blueprint has been drawn up and changes have been introduced on a trial basis. Now the programme, which has attracted worldwide attention, has entered the critical stage during which it is expected to make full-scale and fundamental changes to the Soviet economy.

The Soviet economic system, which is being radically restructured, is essentially based on a pattern that was established in the 1930s. After World War II, attempts by Soviet leaders from Nikita Khrushchev to Leonid Brezhnev to reshape the inefficient system failed because of incompleteness and incorrect policies. As a result, in the late 1970s the growth of the Soviet economy began to slow. National income was approximately 67 percent of that of the United States, total industrial output 80 percent, and labour productivity 40 percent. In some

areas of high technology which are of key importance to economic development, the Soviet Union fell far behind the United States and other Western countries.

In April 1985, one month after he became the leader of the Kremlin, Gorbachev called a Central Committee plenum at which he presented an urgent and all-embracing economic reform programme. In June that year an enlarged Central Committee meeting was held to discuss the acceleration of scientific and technological progress. The 27th Congress of the Communist Party of the Soviet Union, which was convened in the spring of 1986, formally affirmed the strategy of speeding up social and economic development and the policy of fundamentally reforming the economic system. In January 1987 another Central Committee plenum was held. This meeting adopted the principle that cadres should be judged according to their attitude towards economic reform, thus organizationally ensuring the smooth implementation of the programme. The plenum was hailed as a "great milestone in Soviet history."

At the end of June 1987, the Central Committee announced the general targets of the reform plan, as well as some specific measures. And in late October, Gorbachev called a Central Committee plenum at which he removed Boris Yeltsin from his post as Moscow party secretary for his "radical mistakes." Yeltsin was known as a staunch advocate of reform. Gorbachev pointed out that the reform faces challenges not only from the increasingly strong conservative forces but also from the impatient radical elements. He said, "The reform is now at a critical transitional stage" and appealed to the Soviet party and people to remain vigilant to the dangers that threaten the reforms and to make unremitting efforts to bring about the reforms' success.

It is now clear that the reforms are going to take place in all economic sectors and at all levels.

The overcentralization of power has been a major obstacle to Soviet economic development. The reforms are directed towards replacing the system of mandatory plans with a flexible new system which will be regulated by the law of value. Enterprises will map out plans independently in accordance with general economic quotas and state orders for products. The management system will also be reformed drastically. The overcentralized administrative management system will shift in the direction of a system based on economic considerations and management will become more democratic.

The reform will lead to fundamental changes in the nature of Soviet enterprises, and a new, vigorous enterprise management system will be set up. Enterprises, formerly powerless units of the state, will become relatively independent socialist commodity producers. The relationship between enterprises and the state will become mainly economic rather than political. In a

word, the ownership will be separated from the management, and a full economic accounting system will be implemented. Enterprises will obtain their own funds and materials, make their plans and put them into effect.

Pricing reform is an important aspect of the reform programme. The present pricing system is obsolete and past attempts at restructuring have not overcome the many shortcomings inherent in the system. The most serious problem is that the price of commodities bears little relation to their value. This has put a heavy burden on the state. For example, the government spends some 57 billion roubles (about U.S.\$90 billion) a year on meat and dairy products subsidies. Production under this system lacks vigour and motivation. Pricing reform aims to set up a flexible and comprehensive system in which prices are based on the socially necessary cost of production of an item, the economic efficiency with which it is produced, its quality, and supply and demand. Price subsidies will gradually be abolished and a system of contracted prices will be widely put into effect.

In the area of supply, the centralized allocation of technology, equipment and materials and the appointment of fixed suppliers must be replaced by a wholesaling system for the means of production. The purpose of this reform is to guarantee that every enterprise can obtain the resources it needs and to establish a socialist market in the means of production which will eliminate manipulation and monopoly.

In the field of finance and credit, the Soviet Union is trying to discard its obsolete financial system and create a scientific and flexible system that is responsive to the needs of the economy. The new financial system will be closely associated with day-to-day economic activities, setting as its target stimulating enterprises to raise their economic efficiency.

The Soviet Union has serious problems in agricultural management. Egalitarianism deprives Soviet farmers of their enthusiasm for production, exerting an adverse influence on the whole national economy. In the coming two years, all collective farms in the Soviet Union will implement full economic accounting, move towards becoming part of the agro-industrial complex and seek to spread the collective and family contract system.

The acceleration of economic development requires progress in science and technology. Over the years, the Soviet Union has fallen behind the United States, Japan and other industrialized countries in many areas of high technology. In a bid to catch up as soon as possible, the Soviet reform package includes the reforms in the field of science and technology. Efforts are being made to integrate scientific research with production and use economic means to encourage more research. Scientific and technological progress should be the major factor in economic expansion.

The Soviet leadership is well aware that despite reforms over the past 70 years, the country's wage system is still far from perfect. The most obvious shortcoming is its deep-seated equalitarianism, which fails to embody the socialist principle of "from each according to his ability and to each according to his work." If the problems are not corrected, it will be impossible to accelerate social and economic development. So radical reform of the wage system is highlighted as one of the key tasks in the current economic reform. The aim is to set up an incentive mechanism that closely links wages to working performance, thus realizing the socialist principle of distribution.

To ensure the smooth progress of the economic reform, the Soviet Union is promoting the principle of glasnost (openness), the expansion of socialist democracy and the development of people's self-government. Stress is also being placed on passing laws detailing how the country's affairs should be conducted so that people from the grass-roots level up can monitor whether higher officials are acting correctly. In the meantime, great importance is attached to the role of cadres in the reform. It has been clearly stated that attitude to reform is an important criterion for judging cadres. According to official Soviet sources, some 70 ministerial officials and one-third of the country's middle-level officials have been sacked from their posts. Various kinds of cadre training are being conducted.

Reform, which always involves a struggle between the new and old, is never easy, especially in a large enclosed country like the Soviet Union. The current status of the Soviet reform is as follows: the Central Committee is committed to reform and has mapped out a series of plans; some of them have begun to be implemented. But the implementation is incomplete and largely ineffective, and the reform at the grass-roots level is so slow that little change can be seen there.

Where does resistance to the reform come from? First, it comes from some cadres in the leadership. Cadres who are bent on comfort rather than work will lose their privileges; unpopular cadres will lose their power with the spread of the electoral system; and corrupt officials will be exposed, criticized and punished with the further implementation of the glasnost principle. Soviet newspapers say these people, although not openly opposed to the reform, are resisting it privately—either by only paying lip service to the programme or executing the policies incorrectly. At the Central Committee plenum in June 1987, Gorbachev criticized by name the first secretary of the Central Committee of the Armenian Communist Party, Karen demirchyan, and several vice-premiers and ministers, including Nikolay Talyzin, one of the country's chief planners, for their passive attitudes towards reform.

Many ordinary people, who are used to the status quo and unwilling to make changes, are resisting the reform tide. These people swallowed many years of official

propaganda that painted the Soviet Union as an earthly paradise, whether there is no need to worry about food, clothing, or shelter; work is light and easy; and there is no unemployment. In their eyes, there is no need for reform.

The impact of conventional ideas on people's thinking cannot be ignored. The Soviet authorities admit that the theoretical level of the Soviet people remains roughly where it was in the 1930s and 1940s. Soviet newspapers have reported that many people are suspicious about the reform guidelines and policies. Even some senior intellectuals regard the reform as a deviation from socialist principles that will destroy the country's socialist foundation.

As the reform expands and intensifies, the Soviet authorities are learning more about the resistance to it. Gorbachev recently noted, "It is wrong to ignore the fact that resistance from the conservative forces is increasing. Reform is seen by these forces as a danger to their selfish interests. This is manifested not only in some management circles but in working collectives as well. It is beyond any doubt that the conservative forces will never forget to capitalize on every difficulty to undermine the reform by stirring up dissatisfaction among the people."

While assailing rightist obstructionism, Gorbachev also for the first time clearly criticized interference from leftist forces. He said, "However, we should not submit to pressure from those people who are enthusiastic about reform but impatient. They do not take into consideration the objective logic of the reform and feel dissatisfied with what they regard as the slow pace of reform and the failure of the reform to quickly bring about necessary results. It must be realized that it is impossible to surpass certain stages and attempt to resolve all the problems at once."

The reform in the Soviet Union is facing a severe test. Its course is complicated and full of contradictions. The next two or three years will be critical if the programme is to be a success.

Northeast Asia

Japan's 'One China' Stand Unchanged
OW281600 Beijing XINHUA in English 1455 GMT
28 Jan 88

[Text] Tokyo, January 28 (XINHUA)—Japanese Prime Minister Noboru Takeshita said here today that Japan will not change its "one China" stand on the Kokaryo issue and that the issue can't be allowed to chill relations between Japan and China.

Takeshita made the remark in today's Diet (parliament) debate. In the debate, according to the KYODO news service, Socialist Party Senator Izumi Inoue expressed regret over the government's passive attitude towards the Kokaryo issue, an overseas Chinese student dormitory in Kyoto.

The five-story building in question was bought by China just after the Second World War and has since become China's state property for use as a dormitory for Chinese students in Japan.

When diplomatic relations were established between the People's Republic of China and Japan in September of 1972, Japan was obliged under the terms of the agreement to return property rights of the dormitory to the Chinese government.

However, in February, 1986, the higher court in Osaka gave a decision in favour of Taiwan authorities' ownership of the building. The court decision and the Japanese government's stand on the issue, stating that the government can't intervene in a judicial matter, have soured relations between the two Asian countries.

Southeast Asia & Pacific

RENMIN RIBAO on Sihanouk-Hun Sen Talks
HK290558 Beijing RENMIN RIBAO in Chinese
23 Jan 88 p 6

[Dispatch by reporter Ma Weimin (7456 3634 3046) from Paris on 2 January: "The Meeting of Sihanouk and Hun Sen Concludes"]

[Text] Prince Sihanouk and Hun Sen yesterday began their second meeting in Saint-Germain-en-Laye, France. The meeting ended at 1530 today [21 January].

On behalf of the prince, Prince Ranarith briefed press circles on two points. Regarding the Vietnamese troop withdrawal issue, he said that Hun Sen had reduced the time limit for the Vietnamese troop withdrawal he proposed yesterday from 30 months to 24 months; that is to say, after all Cambodian factions reach an agreement, the Vietnamese forces would be withdrawn in 24 months in three phases. Sihanouk reiterated that Vietnam should "withdraw its troops as soon as possible."

Concerning the issue of the interim government, he said that at the request of Hun Sen, Prince Sihanouk had given further explanation. He hoped that this interim government would be a government composed of four factions; if the other two factions did not participate, he was willing to organize it with Hun Sen on three conditions: The Vietnamese forces should be completely withdrawn from Cambodia in three phases; the "People's Republic of Kampuchea" should be dissolved; the international community should be asked to send an international peace-keeping force to supervise the Vietnamese retreat. The interim government would be set up following the second stage of the Vietnamese troop withdrawal and after the peace-keeping force arrives in Cambodia. After that, under international supervision, Vietnam eventually and completely withdraws its forces.

Near East & South Asia

Iranian Envoy Denies Missiles Purchase
OW290153 Beijing in Mandarin to Taiwan
1500 GMT 28 Jan 88

[Text] At a 27 January Beijing press conference for Chinese and foreign journalists, Iranian Ambassador to China Broujerdi denied Iran's purchase of Silkworm missiles from China. He said: We have had many such weapons because we are capable of making them.

On China-Iran relations, Ambassador Broujerdi pointed out: Relations between the two countries are growing daily. The Iranian vice speaker will lead a delegation to Beijing on an official visit in the near future.

Trade Union President Meets Iraqi Official
OW281954 Beijing XINHUA in English 0829 GMT
27 Jan 88

[Text] Beijing, January 27 (XINHUA)—Ni Zhifu, president of the All-China Federation of Trade Unions, met with and feted a delegation from the Iraqi General Federation of Trade Unions led by its president, Fadil Mahmud Gharib, Tuesday.

The delegation arrived here January 25.

Dress of Newscasters Sparks 'Spate of Rumors'
*HK290622 Hong Kong AFP in English 0609 GMT
29 Jan 88*

[Text] Beijing, Jan 29 (AFP)—Newscasters appearing on Chinese television over the past two days wearing Mao suits and black ties have provoked a spate of rumors here, including one that a senior leader had died.

But a Foreign Ministry spokesman denied that any leaders—including top leader Deng Xiaoping—had passed away, while a spokesman for state-run television attributed the sartorial switch to fashion.

There were no other tell-tale signs of an important death, observers said, as Chinese officials kept their appointments with foreign visitors.

Newspapers Friday ran front-page photos of Mr. Deng, 83, marking the launch of a book of photographs about his life. Diplomats said that if he had died, such news would not be published.

Chinese sources said light-grey Mao suits and black ties might have been adopted in mourning for Taiwan's nationalist President Chiang Ching-kuo, who died January 13. His funeral is on Saturday.

The understated garb might also be a response to a series of air and train disasters in China this month which claimed more than 250 lives.

But the rumor of a senior leader's death was enough to send many diplomats and foreign correspondents to Tiananmen Square, the political heart of China, to see if the flag at Communist Party headquarters there was flying at half-mast.

It was not.

Since 1978, Chinese newscasters have generally worn Western-style suits with white shirts and blue or red ties.

In January 1987, a newscaster's appearance in a high-collared Mao suit coincided with news that Hu Yaobang had been forced to resign as Communist Party general secretary, touching off a campaign against Western political influences.

Mr. Deng's most recent public appearance was last week, when he greeted Norwegian Prime Minister Gro Harlem Brundtland. He looked fit, smiling and relaxed.

State Council Appoints, Removes Functionaries
*OW281658 Beijing XINHUA Domestic Service
in Chinese 0743 GMT 28 Jan 88*

[Text] Beijing, 28 Jan (XINHUA)—The State Council has appointed and removed the following state functionaries:

Appointment of Zheng Bijian [6774 1801 1017] as deputy director of the State Council's International Studies Center on 27 November 1987.

Removal of Gu Qiliang from the post of vice justice minister on 26 December 1987.

Appointment of Bao Yushan [0545 3768 1472] as vice chairman of the State Nationalities Affairs Commission, Jin Jian [6855 7003] as vice justice minister, Zhang Shiyao [1728 0013 1031] and Fu Limin [0265 4539 3046] as vice commerce ministers, and Huang Jichun [7806 1376 2504] as vice president of the China International Trust and Investment Corporation; and removal of Jiang Xi and Ji Ming from the post of vice commerce minister, and Huang Jichun from the post of vice president of the China National Nonferrous Metals Industry Corporation on 8 January 1988.

Appointment of Cai Xiaoyu [2088 2556 0056] as deputy director general of the State Council's Economic, Technological, and Social Development Research Center; and removal of Zhu Rongji from the post of the State Economic Commission and Zhang Haoruo from the post of vice minister of foreign economic relations and trade on 11 January 1988.

People's Court Can Check Government Power
*OW281315 Beijing XINHUA in English 0705 GMT
26 Jan 88*

[Text] Beijing, January 26 (XINHUA)—With the establishment of an independent division in the people's court to handle lawsuit cases against government administration, ordinary Chinese have acquired, for the first time, a legal means to protect themselves from harassment or ill-founded punishment from government departments, "CHINA DAILY" said today.

The function of the administrative division, introduced on a trial basis at the beginning of last year, is to deal with lawsuits brought by individuals or organizations against administrative rulings or penalties imposed by government departments.

Most of the cases the division handled last year involved public security, taxation, transport, price control, land and trademark management and environmental protection.

According to the magazine "DEMOCRACY AND LEGALITY", the people's court in Huaiyin City, Jiangsu Province, issued a verdict last June invalidating a decision made by the Public Security Bureau of one of the city's subordinate counties to detain two people.

On January 23, 1987, Zhu Xiucheng, saleswoman in a grocery in Lianshui County, had a quarrel with manager Chen Buqu, who is also a party head. In anger, Chen hit her.

The next day when Zhu's elder brother Zhu Jiacheng, nephew Zhu Gongbao, father and son dropped in, Zhu told them her grievance. They went to the grocery and argued with the manager. While wrangling, the manager slapped Zhu Jiacheng's face and accidentally fell flat on his back.

The police came and decided that the Zhus had attacked Chen. They ordered a seven-day custody for Zhu's brother and 10 days for the nephew.

The father and son protested to the higher level of the bureau, to no avail. In despair, they went to the local court to appeal for an annulment of the ruling. After careful investigation, the city court announced that the decision of the superior security bureau should be rescinded.

Gong Xianrui, a law professor at Beijing University, said the new administrative division will help restrict power.

"Power without restriction absolutely leads to corruption. This is a law of political science," he said.

Gong and three of his colleagues just made public a fact-finding report on the status quo of the administrative division and its problems. The report, which appeared in a recent issue of the newspaper LEGAL JOURNAL, was based on a trip they made last summer to eight cities.

Five of the eight cities have established administrative divisions in their intermediate courts, while the other three have set up preparatory panels.

However, since these newly-established divisions are at their initial stage, most of them lack qualified personnel, which is a chief factor limiting their functioning.

The report said that during the first half of last year, administrative divisions of intermediate courts in Nanjing, Shenzhen, Shanghai and Wuhan handled only 41 cases.

A constant complaint from local people's courts is that government departments are extremely reluctant to be defendants. Their refusal to appear in court and defiance of court rulings that are not in their favor are not unusual.

The report said it is urgent to launch a nationwide legal education campaign among government departments, so that administrative cases can be dealt with properly and effectively in court.

It is imperative to start drafting an administrative law and administrative procedural law, Gong said.

Ji To Remain Head of Hong Kong, Macao Office
HK290559 Hong Kong HONGKONG STANDARD
in English 29 Jan 88 p 2

[By Yau Shing-mu in Guangzhou]

[Text] The man in charge of handling Hong Kong affairs for China, Mr Ji Pengfei, will keep his job despite a major reshuffle of China's central government in March.

Mr Ji, 78, is director of the Hong Kong and Macao Affairs Office (HKMAO) under the State Council.

His deputy, Mr Li Hou, yesterday told newsmen in Guangzhou that Mr Ji would be staying on even though the state councillor was long past the retirement age of 70 for top officials in China.

Mr Li's remarks ended speculation that Mr Ji would retire in March when the National People's Congress convened to decide the new line-up of the central government, including the state president, the premier and other key posts.

"Let me tell you clearly that Director Ji's position in the Hong Kong and Macao Affairs Office won't change," Mr Li said.

Asked whether that would contradict the call for younger leadership in China, Mr Li said "the rule for a rejuvenation of the leadership is not absolute."

"It would be better to have an old hand tackling Hong Kong affairs, rather than a younger, less experienced person who could find it difficult to get policies implemented," Mr Li said.

He added it would be hard to say when Mr Ji would retire "but he is certainly not stepping down in March."

Mr Li's remarks may dispel worries among Hong Kong people that personnel changes in the HKMAO could disrupt continuity.

But keeping Mr Ji at his post despite his age may indicate a lack of experienced leaders to take charge of Hong Kong affairs.

There had been speculation the current State Councillor and Foreign Minister, Mr Wu Xueqian, would replace Mr Ji in March, even though Mr Ji was expected to remain as chairman of the Basic Law Drafting Committee.

Mr Ji replaced Mr Liao Chenzhi as head of the Hong Kong and Macao Affairs Office when Mr Liao died in 1983 at the age of 74.

Commentator on Punishing 'Economic' Criminals
HK290841 Beijing RENMIN RIBAO in Chinese
24 Jan 88 p 4

[Commentator's article: "Use Law as a Weapon To Deal a Telling Blow at Culprits Who Gravely Undermine the Economy"]

[Text] The 24th Session of the 6th NPC examined and adopted the "Additional Regulations on Punishing Offenses of Corruption and Bribery" and "Additional Regulations on Punishing Offenses of Smuggling," and promulgated them for implementation. These two additional regulations, which constitute important criminal laws, provide a legal basis for punishing grave economic offenses.

It is our unswerving policy to concentrate forces to carry out the modernization program, adhere to overall reform, and insist on opening to the outside world. To ensure implementation of this policy, it is necessary to sternly attack grave offenses in the economic field. This is our long-term task. In this regard, we have achieved remarkable successes, investigated and dealt with a number of major and important cases, and sternly punished serious criminal offenders. However, corruption, bribery, smuggling, and other offenses are still rampant. These criminal offenses have seriously undermined socialist economic order, encroached on the property of the state and collective, cheated the people, and corrupted social values and the ranks of cadres. If we tolerate and accommodate these offenses, it will be impossible to carry out construction, reform, and opening up. The shocking criminal cases that have taken place over the years indicate the seriousness and harmfulness of crimes in the economic field. The situation requires and the broad masses eagerly desire the strict punishment of economic offenses.

There are definite stipulations in the criminal law about punishing offenses such as corruption, bribery, and smuggling that undermine the economy. In 1982 the NPC Standing Committee drafted the "Decision on Sternly Punishing Culprits Who Seriously Undermine the Economy," making relevant additions and amendments to the criminal law. The criminal law and this decision constitute the essential legal weapon to attack economic offenses. However, criminal law is not specific about punishment. With the development of a commodity economy, new problems have emerged that require further amendments. In recent years a small number of enterprises and institutions have been involved in gravely undermining the economy in collaboration with lawless persons in society. Criminal cases involving units are usually major crimes that can cause great harm. However, there are no stipulations in criminal law on dealing with offenses in which units are involved. For this reason, these two additional regulations are enacted in light of the new problems arising from attacking

economic crime and on the basis of conducting investigations and studies and summing up experience. The two additional regulations amend some articles of the criminal law and make some additions.

The legal stipulations on sternly punishing serious economic crime are clear and definite. We must strictly enforce the law and handle the cases according to law. Regarding offenses that seriously harm the interests of the state and the people, whoever is involved should bear the responsibility upon discovery. The people's courts, people's procuratorates, and other executive organs should strictly enforce and correctly apply the stipulations of the two additional regulations, the criminal law, and the NPC Standing Committee "decision," resolutely deal with criminal cases in the economic field, particularly the more important cases, and sternly punish offenders who have gravely undermined the economy. Only by doing so can we follow and enforce the law and punish those who violate the law. All localities should study and extensively publicize the stipulations of the two additional regulations and the criminal law so that the broad ranks of cadres and masses can enhance their sense of legal system, increase their discernment, vigorously support the work of the judicial and executive organs in investigating and handling economic crime, and consciously use the weapon of law to fight against criminal offenders.

In light of the stipulations of the criminal law, there are articles in the two additional regulations on dealing leniently with those who confess their crimes and perform meritorious services to atone for their crimes or who are willing to mend their ways and give up their ill-gotten gains. All criminal offenders should get a clear understanding of the road they must follow, correct their mistakes, surrender themselves to the police, and perform meritorious services to atone for their crimes. Only by doing so will they be treated leniently according to the law. If they trust to luck and intentionally cover up their crimes, they will be sternly punished according to the law.

Bookstore To Publish Chiang Kai-shek Bio
HK290218 Hong Kong TA KUNG PAO in Chinese
28 Jan 88 p 2

[Text] Beijing, 27 Jan—"Biography of Chiang Kai-shek," written by Song Zhiwen, Yan Ruying, and Zhang Zeming, experts in the history of the Republic of China working in the Institute of Modern History under the Chinese Academy of Social Sciences, will soon be published by Zhonghua Bookstore.

"Biography of Chiang Kai-shek," which will be published soon, is based on reliable materials. It includes Chiang's birth to the family of a salt dealer, naughty Chiang in his childhood, his disposition of seeking to surpass others, his unique character due to the strict discipline of his mother and to the influence of an old-style private school; going abroad to study because of the influence of the trend of the times; sitting for the

entrance examination of a military academy; joining the bourgeois revolution, and so on. These contents clarify many issues. In the meantime, the book evaluates Chiang's political showing in different periods and his different reactions to different events. It neither negates nor affirms everything.

Li Peng, Others Note CPPCC Member's Death
OW282359 Beijing XINHUA Domestic Service
in Chinese 1248 GMT 28 Jan 88

[Excerpt] Beijing, 28 Jan (XINHUA)—A ceremony to pay last respects to Comrade Xue Yu's remains was held in Beijing today. Xue Yu was a member of the Sixth CPPCC National Committee and one of China's pharmacological experts.

Yang Jingren and Zhou Peiyuan, CPPCC National Committee vice chairmen, and some 400 people from all walks of life in Beijing paid last respects to Prof Xue Yu's remains in the auditorium of the Babaoshan Cemetery for Revolutionaries this afternoon. Xue Yu died of illness on 17 January.

There were wreaths from Li Peng, Deng Yingchao, Hu Qili, Li Ximing, Yan Mingfu, Wang Shoudao, Liu Lantao, Lu Dingyi, Xu Deheng, Yan Jici, Hu Ziang, Qian Changzhao, Zhou Peiyuan, Fei Xiaotong, Ye Shengtao, Ma Wenrui, Mao Yisheng, and Wang Feng; and from the CPPCC National Committee, the United Front Work Department of the CPC Central Committee, the Jiusan Society Central Committee, the State Education Commission, the Ministry of Public Health, the Beijing Municipal Party Committee and Municipal Government, and the people of Xue Yu's native town, Xiangyang. [passage omitted on Xue Yu biography]

Wan Li Inspects Beijing's New Hotel 13 Jan
SK290518 Beijing BEIJING RIBAO in Chinese
16 Jan 88 p 1

[Excerpt] During his inspection of the new Beijing Jianguo Hotel on 13 January, Vice Premier Wan Li pointed out: "In the future when we are building new hotels in Beijing, we should use as many domestic materials and equipment as possible, and reduce imports. It is a good method that Chinese manage their own hotels."

The Beijing Jianguo Hotel is a large modern tourist hotel designed, constructed, installed, and managed by our country. With a total floor space of 12,600 square meters, the hotel has 1,050 rooms. In a curved external form, the architecture of the hotel is new and unique. It was completed late last month, and the construction quality is good. It has gone into partial operation. Comrade Wan Li expressed satisfaction with the construction speed and quality. [passage omitted]

Chen Junsheng Visits Injured Train Passengers
HK290256 Kunming Yunnan Provincial Service
in Mandarin 1:00 GMT 26 Jan 88

[Text] During his visit to Xuanwei last night, Chen Junsheng, secretary general of the State Council, spoke highly of the achievements scored by our province's soldiers and civilians in energetically, ably, and efficiently rescuing passengers on the No 80 express passenger train, which dangerously overturned on 24 January. He expressed the hope that they will successfully complete this work and conscientiously sum up experiences in this regard. He said that good people and good deeds in this regard should be vigorously praised and commended.

During his visit to the Xuanwei County Hospital this morning, Chen Junsheng, secretary general of the State Council, cordially called on the hospitalized passengers who were injured in the 24 January train accident on behalf of acting Premier Li Peng. Chen Junsheng was accompanied by He Zhiqiang, governor of the provincial people's government.

On 24 January, personnel from the Xuanwei County Hospital visited the scene of the train accident and received and hospitalized 44 injured passengers. After holding group consultations of the county hospital doctors and medical experts from the provincial hospital, the county hospital meticulously and successfully performed operations on three seriously injured passengers. Doctors and nurses at the hospital have been keeping watch day and night by the bedside of injured passengers.

Secretary General Chen Junsheng, Provincial Governor He Zhiqiang, and other leading comrades today entered the hospital wards, cordially shook hands with injured passengers, inquired about the conditions of their injuries one by one, and comforted them by asking them to just convalesce, get better, and not to worry.

The injured passengers expressed heartfelt thanks to the State Council, the provincial party committee, and the provincial people's government for their kind attention and loving care.

During their visit to the hospital, Secretary General Chen Junsheng and the leading comrades from our provincial organizations also extended their regards to the doctors and nurses there and thanked them for successfully rescuing the injured passengers.

Leaders Mourn CPPCC Standing Committee Member
OW290001 Beijing XINHUA Domestic Service
in Chinese 1254 GMT 28 Jan 88

[Text] Beijing, 28 Jan (XINHUA)—Gaoweiya Jiakulin (of Kazak nationality), a member of the Standing Committee of the Sixth CPPCC National Committee, died of illness in Urumqi on 26 January at the age of 71.

A ceremony to pay him last respects was held in Urumqi City this morning.

There were wreaths from Comrades Deng Yingchao, Wang Zhen, Xi Zhongxun, Yan Mingfu, Seypidin Aizezi, Burhan, and Wang Enmao, and from the CPPCC National Committee and concerned departments of the CPC Central Committee.

Responsible persons of party, government, and army organizations in the Xinjiang Uygur Autonomous Region and some 600 people from various circles of Urumqi attended the ceremony.

Large Increase in Defense Spending Not Seen
OW281417 Beijing XINHUA Domestic Service
in Chinese 0651 GMT 24 Jan 88

[Text] Jinan, 24 Jan (Xinhua)—Hong Xuezhi, deputy secretary general of the CPC Central Military Commission, has said that troops doing well in production are supporting the nation's economic construction.

Speaking at a commendation meeting of the Logistics Department of the Jinan Military Region, Hong Xuezhi said: Troops taking part in both out-of-barracks local construction projects and running production operations well in the glorious tradition of building the Army with hard struggle and thrift are supporting and taking part in the nation's economic construction. By doing so, they help the Army solve problems in army building, create wealth for the country, and lighten the market burden. This kind of contribution to the state's economic construction has both economic and political significance.

Hong Xuezhi called on the troops to have a long-term plan, persevere, and strive for development and new highs when engaging in production. He said the Army has achieved good results and laid a good foundation in production. The Army has great potential in this area. At a time when there is little prospect for large increase in national defense spending, we must strive to do good work in production, tap potential, and seek self development.

JINGJI GUANLI on Urban Housing Reform
HK290447 Beijing JINGJI GUANLI in Chinese No 12,
1987 pp 12-24

[Article by Zhu Yi (2612 3015): "Resolutely Reform the Housing System in Cities and Towns"; edited by An Luming (1344 6424 2494)]

[Text] Although the question of whether the housing system in China's cities and towns needs reform and how this is to be carried out has been a subject of discussion in recent years and many cities have introduced partial experimental reforms, the question has not yet been resolved and needs further investigation.

I. The System of State Provision of Housing for Staff and Workers Has Many Disadvantages and Reform is Imperative. [subhead]

For many years many people have had the incorrect perception that state provision of housing for staff and workers at a minimal rent scale (the average rent for each square meter of usable floor space in China is 0.13 yuan) is an expression of the superiority of socialism. One of the consequences of this practice is a heavy burden on the country. Since the founding of the PRC, the state has invested as much as 176.8 billion yuan in housing construction, which exceeds the total investment in the four industries of metallurgy, petroleum, coal, and chemicals during the same period. However, investments in housing yields no return, because the rent collected is far too little for building maintenance and the state must spend several billion yuan each year to subsidize the maintenance budget. For a developing nation with a weak base like China, this burden is undoubtedly too heavy.

To assess the housing system of a nation, we must see whether the people's housing conditions have been evidently improved in general. With the fast growth of China's urban population, housing construction is facing more problems than before. Since the founding of the PRC, although the state has invested a great deal of capital in housing construction, housing conditions have improved minimally. At one time they were even worse than before. Shortly after the founding of the PRC, the average floor space per capita in urban China was 4.5 square meters. By 1985 it had gone up to only 6.36 square meters. This level is still much lower than that in other nations.

The excessively low rent scale has stimulated demand for housing and caused malpractices in the distribution of housing, which have in turn contaminated society and corrupted party discipline. The masses are critical of this situation. This is not only an economic issue but also a delicate political issue.

The rent housing system does not enable all people to enjoy the housing benefit they deserve. The reality is this: Those who occupy more state housing enjoy more benefits; those who occupy less enjoy fewer benefits; and those in private housing not only enjoy no benefits but also have to pay for the maintenance. At present, about 20 % of the total number of urban households live in their own residences. If we ignore reality and insist that the state provision of housing is a "superiority," then only some people enjoy such "superiority."

Practice in many countries shows that a suitable pattern of individual consumption helps promote the development of the national economy and improve people's living conditions (including housing). Housing should be able to absorb much individual consumption capital. In many countries spending on housing generally accounts for 20-30 % of a family's income; in China the comparable figure is only 1-3 %. This is an unreasonable consumption pattern. Even

though wages are low, staff and workers can still save much of their income to purchase expensive consumer goods. A strange phenomenon has emerged: Because their residences are too small, many families cannot find space for their television sets, refrigerators, washing machines, etc., and have to put them in the hallway, attic, or even the staircase. Their tiny rooms are packed and it is quite inconvenient. An analysis of the nation's economic strength and the people's wages reveals that amidst all the purchase of expensive goods there seems to be some illusory and abnormal phenomenon. To some extent this phenomenon has been caused by excessively low spending on housing. Since people spend so little on housing, they can afford more on expensive goods than before, and they can buy sooner. A chain reaction has also emerged that makes the industrial structure unreasonable. The building industry and building materials should be important economic pillars of the nation. However, since the state pays for the vast costs of housing construction, individuals seldom invest in the products of the building industry or building materials industry. This has affected the development of these two industries and other related industries.

In recent years, some cities have introduced some partial experimental reforms and many people's housing conditions have quickly improved. Since 1980, individual residents in the city of Wenzhou, Zhejiang Province, have purchased 0.436 million square meters of newly built residences and have built 0.52 million square meters of residences with capital raised on their own. The total area of these two items comes to 0.956 million square meters, which accounts for 64 percent of the total area of residences completed in that city in the same period. The investment in the two areas is about 1.69 hundred million yuan, which is 1.5 times the total amount of government investment on construction of new residences in Wenzhou since liberation. The housing problem for 20,000 households (16.5 percent of Wenzhou's total number of households) has thus been resolved. Nanyang City, Henan Province, has a population of 200,000 (about 50,000 households). In the early post-liberation period, the average floor space per capita was 5 square meters. By 1977 it had dropped to 3 square meters. In 1978, the state increased the investment on housing, but by 1980 the average floor space per capita went up to only 3.1 square meters. Since 1980, this city has been organizing its residents to build their own residences. After 5 years of effort, 0.3434 million square meters of residences have been constructed, which makes up 54 % of the total area of residences completed in the city in the same period. The problem of housing for 3,650 households has been resolved, and the city's average floor space per capita has risen to 7.14 square meters.

II. We Must Understand the Significance of the Reform of the Housing System [subhead]

The reform of the urban housing system should take place sooner rather than later. The longer it is delayed, the more the contradictions; and it will be disadvantageous to the systematic reform of the economy. The reform of the housing system is an important component

of the systematic reform of the entire economy. It links with wage and price reforms and relates to reforms in production, circulation, and distribution. It also relates to the reasonable regulation of the consumption pattern and the industrial structure, and such issues as the reorganization of cities, financial mechanisms, credit, and the wage system. Therefore, the reform of the housing system must be closely linked with related reforms in the economic system.

The reform of the housing system is important and imperative as well as formidable and complex. For several decades, the housing system has followed the principle of "eating from a common pot." A process is needed so old and outdated ideas change. There is great disparity and imbalance in the housing conditions of urbanites in China. Moreover, the wage level in China is relatively low and the people's economic power is rather weak. Therefore, reforming the housing system is very difficult and quick results are impossible. An important task before us is how to introduce the reform of the housing system under difficult conditions and gradually advance along the new road of the commercialization of housing.

The goal of the reform of the urban housing system is the commercialization of housing. This means that the present distribution in kind (housing) will gradually transform into distribution in currency. Households will obtain housing by payment in currency so that residences will become a major commodity and enter the market. As a result, capital spent on housing will enter a benign input-output cycle, and we thus can advance along a new road of resolving the urban housing question with Chinese characteristics. Once the socialization of production, operation, management, and maintenance of residences has been realized, the backward phenomenon of every household waiting for a residence, getting its share of a residence, maintaining its residence, and having no residence will change, and the economic and social benefits of residences will increase. The emergence of real estate, which involves mainly residences and large sums of money, will result in the development of a large number of trades related to housing services and create a greater accumulation of capital for the nation. In recent years, the investment by enterprises in the construction of residences has been around 60 percent of the total state investment in residence construction during the same period. Since enterprises do not have a fund specifically earmarked for residence construction, much of the capital comes from their production capital. This has affected the development of their production and their technological progress. With the reform of the housing system, the initiative of individuals to make investments will be fully mobilized and the channels of investment in residence construction will be smoothed. On the one hand, more residences will be constructed, the housing problem will be solved more quickly, and malpractices in the distribution of residences will be overcome. On the other hand, principal can be circulated through existing residences and used on reconstruction and the operation of

residences. In this way the burden on the state and enterprises can be reduced. III. Establish the Principles and Policies of the Reform of the Housing System and Strengthen Overall Control Over It. [subhead]

In reforming the housing system, we must proceed with caution, on the one hand, and set up definite goals, on the other. We should aim at the right goals and establish principles and policies for the housing reform so as to strengthen overall control. The results of investigation and discussion in various aspects and partial experiments over the last few years, and especially the experience of the Yantai model, reveal that the following principles and policies on housing reform should be established.

1. Define the feasible scope of reform. In order to reduce the financial burden on different levels of government and enterprises and enable the easy take-off of the reform, the scope of reform at present should be confined to staff and workers in public housing. Those living in their own residences should not be included for the time being. This means that only the rent scale of public housing should be raised. Also, staff and workers in public housing should be issued housing vouchers. By "raising the rent and issuing housing vouchers," housing vouchers that have been issued to households to pay for the increased portion of the rent can be collected back. When conditions are appropriate, the scope of reform can be expanded to include staff and workers living in their own residences. The cost of housing can gradually enter wages, and the stage of "raising rents and increasing wages" can be reached.

2. The rent scale of public housing must be regulated in a reasonable way. This is a core link in the housing system reform. In setting the rent scale the financial ability of the state, enterprises, and individuals must be taken into consideration; but the rent also must not be too low. Rents that are too low are not enough even for building maintenance; people will not be interested in purchasing residences and the meaning of reform will be lost. To start with, we can now calculate the rent according to five items; namely, depreciation fund, maintenance fund, administrative fund, interest from investment, and tax. Calculated this way, the actual rent for each square meter of usable floor space in cities across China should be more than 1 yuan. In order to avoid risks, after rent increase, the state should issue housing vouchers as a form of subsidy. Staff and workers can then use them to pay for the new rent. This is called "raising the rent and issuing housing vouchers."

3. The voucher coefficient, i.e., the proportion of the value of the housing voucher to the whole city's average basic wage, must be strictly controlled. The total value of housing vouchers issued should balance the total amount of rent increased. If the former exceeds the latter, the difference will become a burden for the state and enterprises. Therefore, we must strictly and scientifically handle the relevant data, including the per-capita average usable floor space, the rent for each square meter of usable floor space, the average

basic wage of staff and workers, and so on and so forth, make careful calculations, and realistically set a housing voucher coefficient. Since housing conditions vary according to each city, there should be a range of housing voucher coefficients across the nation. In general, it should be 18-25 % of an individual's basic wage. A housing voucher coefficient that is too high will be favorable to operation and sales, but the burden on the state and enterprises will be heavier. One that is too low will lead to low rents, and it will be difficult to mobilize the people's initiative to purchase residences. As a result, the meaning of the reform will be lost.

4. Strictly adhere to the principle that the larger residence, the higher the rent. To promote the commercialization of residences, we must follow the principle of commodity exchange. All people are equal before the commodities. The present wage system basically follows the principle of distribution according to labor. Those who earn higher wages receive higher value for their housing vouchers. It is only natural that because they occupy larger residences, they should pay more. Everyone, regardless of occupational rank, pays the same price for consumer goods like television and refrigerators. It should be the same in the purchasing or renting of housing. In the reform, the occupational ranking system should be abolished. However, we must also consider the actual conditions. For old cadres who took part in the preliberation revolution, households on social relief, those receiving special care (such as disabled servicemen and family members of revolutionary martyrs and servicemen), and low-income households, the policy of reduction, exemption, and subsidy can be applied for a certain period of time. The amount allocated for this purpose should be kept at a minimum; for example, about 5 percent. 5. Actively encourage staff and workers to purchase residences. The purchase of residences by staff and workers is one of the major goals of the housing reform and an important indicator for its evaluation. Through this reform, residents' buying power can be channelled to improving their housing conditions and in turn speeding up the solving of the housing problem. The present unreasonable pattern of individual consumption can also be changed. To do so residences must be set at reasonable prices, which means that only the construction costs should be included. Auxiliary costs and facilities should not be included. Prices for old residences can be calculated by obtaining the average cost from the original construction costs and renovation costs, allowing for a degree of depreciation. Or they can be assessed according to quality and degree of depreciation. In any case we must strictly forbid sales at unreasonably low prices, which may lead to new malpractices.

To mobilize the initiative of staff and workers to purchase residences, preferential measures can be adopted. In purchasing residences, if they pay a down payment of 30 percent of the total sum, they can apply for a long-term mortgage loan at low interest rates from the bank for the rest of the sum. Enterprises that retain more profits can consider individual cases of their staff and workers and let them pay interest at a reduced rate.

With basic principles and policies for the reform, each place can work out its own model on the basis of its specific conditions. Many methods and models can coexist. After a period of practice, the best methods and models will evolve and China's new urban housing system will be perfected.

IV. Actively Introduce Auxiliary Reforms [subhead]

The reform of the housing system is a multifaceted reform. Its success depends on systematic, auxiliary reforms as well as support and coordination from departments concerned.

1. China currently spends about 30 billion yuan each year on housing for staff and workers. This sum covers residence construction, maintenance, and rent subsidies. Most of this total is raised by the units on their own in one way or another. There is no normal, legitimate channel to raise capital for this purpose and problems abound. Moreover, putting capital into housing is like putting capital into a bottomless pit that can never be filled. Since the founding of the PRC, the state has invested 176.8 billion yuan into housing. More than 1.3 billion square meters of residences have been constructed. Together with residences that were already standing, at present the total area of urban public housing in China is over 2 billion square meters. This stands for huge fixed assets and a tremendous stock of capital. How to fully realize the benefits of this capital by changing it from being inactive to active, and use it as principal on residence construction, operation, maintenance, and circulation is an important task in the housing reform.

2. Most staff and workers need long-term loans at low interest rates in order to purchase residences. However, in introducing low-interest loans, the problem of "interest difference" and who pays for it exists. As long as this problem is unsolved, the commercialization of residence cannot be realized. Given China's present economic situation, it is difficult for the state to set aside a budget to directly subsidize the "interest difference." The bank is a financial enterprise and cannot possibly be responsible for this task either. As a result of projections, calculations and investigations from all aspects, a feasible method is to set up savings banks for the construction of residences. Capital that is scattered in society and related to housing can be pooled and utilized in the residence construction business. The resulting profits can be used to solve the problem of paying for the interest difference. The principal for setting up savings banks for residence construction will come from the following sources: allocations for housing from various levels of government, capital raised by enterprises for the purpose of providing housing, major maintenance fees and depreciation fees provided by enterprises on housing for their staff and workers that have already entered the costs, revenues that the units collect from selling and renting out residences, "savings deposits from individuals specifically for the purposes of purchasing or building residences," issuing "housing bonds," etc. In this way,

the state will not have to allocate funds for this purpose. The setting up of savings banks for residence construction is an important component of the reform of the finance system in China. It demonstrates another big step forward in our financial reform.

3. In reforming the housing system, the road of "raising rents and increasing wages" will ultimately be taken. However, in order that steps can be taken in the beginning, the method of "raising the rent and issuing housing vouchers" can be adopted. Cash should not be given for the time being. When to start giving cash instead of housing vouchers and how to link the reform to the wage system depend on China's economic situation and the state of the wage reform. However, cities that have already introduced pilot reforms and those that will expand their pilot reforms face the problem of whether they should issue housing vouchers according to wages in a "static" or "dynamic" way. If the "dynamic" approach is taken, every time wages change, housing vouchers should increase proportionally. Cities that joined the reform at a later point should calculate the voucher coefficient with the increased wage in that year as the base. If the "static" approach is taken to calculate the voucher coefficient, a figure is set once and for all. Even though wages may increase later, the housing vouchers will not increase proportionally; and all cities in the nation will follow the same timetable.

4. The costs of constructing support facilities should be split up in such a way that it helps promote the commercialization of residences. While constructing residences, public support facilities must be provided at the same time. Otherwise, without roads, electricity, water, kindergartens, primary and secondary schools, shops, etc., people will find it too inconvenient to move into the newly constructed residences. However, the support facilities are becoming more and more numerous and their costs are rising. In addition, the costs are often included in the costs of construction. As a result, costs of residences have risen to as much as 300 to 400 yuan or even 700 to 800 yuan per square meter. In a few major cities they are even as high as 1,000 or 2,000 yuan per square meter. It is unjust to include the costs of constructing support facilities in the costs of residence construction and demand that staff and workers who purchase residences pay for them. We suggest that the costs of the construction of support facilities be paid for by the departments concerned, and that urban public works; cultural, education, and health amenities; commercial and service industries; etc. be coordinated and arranged in the reform of the entire economic system so that a reasonable and balanced solution can be reached.

State Council Drafts Contract System Rules
OW281359 Beijing XINHUA Domestic Service
in Chinese 1243 GMT 22 Jan 88

[Text] Beijing, 22 Jan (XINHUA)—State Council Spokesman Yuan Mu told reporters here today that the "(Draft) Provisional Regulations on Contract Responsibility System for Industrial Enterprises Owned by the

Whole People" and the "(Draft) Provisional Regulations Banning Apportionment on Enterprises" have been approved in principle by the State Council at its Standing Committee meeting today and will be promulgated for implementation after further revisions.

According to Yuan Mu, the drafting and promulgation of these two regulations will play an important part in deepening enterprise reform, implementing and perfecting contract responsibility system, improving enterprise management mechanisms, tapping the potentials of enterprises, protecting their legitimate rights and interests, and safeguarding state financial resources.

Yuan Mu said: State enterprises have achieved notable success in implementing the contract responsibility system and have brought out the superiority of the system in recent years. The provisional regulations on contract responsibility system was formulated after in-depth investigation and study, on the basis of a serious review of the practice and experience of recent years, and in consultation with all sectors concerned. The regulations explicitly define the goal and meaning of contractual management, the principles applied, its contents and forms, and the procedures for administering it.

Yuan Mu said: The regulations banning apportionment on enterprises explicitly define all acts of requisitioning, demanding, and taking money and materials from enterprises in violation of law, administrative statutes, and state regulations as apportionment and prohibit all units and individuals from taking such acts. The promulgation of the regulations will ensure the implementation of the policy of banning apportionment on enterprises consistently stressed by the State Council.

People's Bank To Issue Short-Term Bonds
OW290722 Beijing XINHUA in English 0639 GMT 29 Jan 88

[Text] Beijing, January 29 (XINHUA)—The People's Bank of China will issue short-term bonds this year to enterprises in major Chinese cities to help alleviate their shortage of circulating funds.

The bank will issue bonds in terms of three, six, nine and 12 months, respectively, for profit-making and well-established enterprises.

In addition, the bank will extend its experimental share issues for Chinese enterprises, which may then sell the shares on monetary markets with the approval of financial departments.

Article on 'Double-Track Funds System'
HK290645 Beijing GUANGMING RIBAO in Chinese 2 Jan 88 p 3

[Article by Song Yangyan (1345 7402 8827): "The 'Double-Track Funds System' Is the Only Way To Deepen Enterprise Reforms"]

[Text] In the previous economic managerial system, the state put both the proprietary rights of productive forces and management power under its control. Thus the fruits

of enterprise business—products—naturally belonged to the state. However, when ownership is separated from management, business operations are under the control of the enterprise. Enterprises should therefore be responsible for a number of major policy decisions and measures such as the orientation of management, the scale of production, the mix of products, the assignment of workers and staff members, the application of technology and the purchase of raw and processed materials, and even for business risks. As a result, the fruits of enterprise production—products—inevitably belong to enterprises. In this case, enterprise ownership first finds expression in its products.

Enterprise products are commodities and their value can only be judged through commodity exchange. As to the value of these commodities, enterprises can have the portion remaining after they turn over the necessary taxes and profits to the state and deduct depreciation funds. Enterprises can use this portion for either consumption or accumulation. After being reinvested, the remaining portion used for accumulation may appear in different forms such as fixed assets, raw and semifinished materials, and working capital. No matter what forms the remaining portion used for accumulation may be converted into, it no doubt belongs to enterprises. In this way, state ownership of enterprises adds a "new branch"—enterprise ownership. Of course, the order of their relationship cannot be reversed. Enterprise ownership is certainly subordinate to state ownership.

It should be noted that the economic policy of the state reflects itself in enterprise ownership and such a situation has gradually become clear. For example, the state delegates power to enterprises, including the power over financial affairs. The power over financial affairs was first termed the "enterprise fund" and "portion of profit retained for enterprise use," then it was dubbed "fixed profit" and "the after-tax profits to be kept by the enterprises." It is now called funds at the disposal of enterprises. The concept of funds at the disposal of enterprises is much clearer. In the concept of funds at the disposal of enterprises, the state has really endowed enterprises with the right of ownership as far as value is concerned. The inadequacy is that enterprises have not been assured that the fixed assets earned from funds at the disposal of enterprises also belong to them. As far as value is concerned, funds at the disposal of enterprises should of course belong to them no matter into what forms the funds will be converted. In accordance with common practice, different key elements for expanded reproduction derived from the funds through accumulation, such as fixed assets and other forms of circulating capital, should all be in the possession of enterprises. In real life, however, funds at the disposal of enterprises in the form of value (referring to the form of money) are their lawful asset and are entirely under their control. But in the form of something in kind, the funds are unlawful assets of enterprises and enterprises have no right to use them. Because of this contradiction, when

enterprises use the funds for reinvestment, they have to face the danger and threat of "turning enterprise ownership into state ownership." Precisely because of this, the following defects exist:

First, enterprise desire for accumulation and expanded reproduction is quenched. With the increase of funds at the disposal of enterprises, enterprises naturally have a stronger desire for accumulation. However, because the funds are rightfully theirs only in the form of value but not in kind, enterprises are therefore unwilling to run the risk of "turning enterprise ownership into state ownership." As a result, enterprise efforts to invest are hampered, thus laying aside a large amount of funds and adversely affecting expanded reproduction and the development of enterprises.

Second, funds for consumption are swelled. Marx once said: Capital is not material but a kind of productive relations. What we say is not capital but funds, but funds are also a kind of productive relations and they always need a way out. Nevertheless, enterprises are unwilling to invest the funds in productive fixed assets but in nonproductive fixed assets such as different collective welfare services which are beneficial to enterprises. Consequently, enterprises issue excessive bonuses and allowances in cash or in kind and increase welfare services under all sorts of pretexts. Such frequent economic activities thereupon further swell funds for consumption.

Third, more difficulties are caused to the state in exercising macroeconomic control. The state originally intended to motivate the enthusiasm of enterprises and invigorate them by means of funds at the disposal of enterprises. However, the more funds enterprises have at their disposal, the faster the social funds for consumption roll in and the more the enterprises make investment in nonproductive fixed assets. This has a negative influence on the normal state macroeconomic control over the social economy. That is why while acknowledging that enterprises have the right to use funds at their own disposal, the state has to impose different restrictions on the use of funds at the disposal of enterprises and even lay down hard and fast rules which workers and staff members find hard to accept.

At the present stage of deepening reforms, it is absolutely necessary and imperative to affirm the funds for enterprises or their ownership of assets. With the confirmation of enterprise ownership, the conventional centralized ownership by the whole people has been replaced by dual ownership. Now we still call it ownership by the whole people just because enterprise ownership cannot hold authority under normal conditions. With the accumulation of funds, this asset owned by enterprises is increasing, but the asset owned by the state is also increasing along with the accumulation of funds. In terms of strength, an asset owned by the state, by and large, certainly occupies a dominant position and enterprises are unable to contend with the state. Therefore, doing so will not change the nature of enterprises owned by

the whole people. To precisely reflect the dual ownership in enterprises owned by the whole people, however we had better call it the "double-track system of funds."

Yu Guangyuan on Understanding Socialism Anew
HK281540 Beijing RENMIN RIBAO
in Chinese 22 Jan 88 p 5

[Article by Yu Guangyuan (0060 0342 6678): "In The Course of Understanding Socialism Afresh"]

[Text] The present reform in China is a product of China's contemporary development and a product of the development of the world. It has objective historical necessity that will not be changed by the will of people. Even though this necessity is not recognized by us for a certain time, with the development of history this reform will inevitably occur. However, a reform after all is a conscious move. It is a conscious move of masses of cadres and people, including various people supporting this reform, under the party leadership. Therefore, it always has the understanding of the abovementioned historical necessity as its ideological foundation.

This ideological foundation is the understanding of socialism afresh. Reform itself is the criticism of the existing socialist system, and the operational conclusion drawn from understanding socialism afresh. Not only the determination to implement reform stems from the understanding of socialism afresh. The goals, the path, and the measures of reform and so on also depend on our judgment made in the course of understanding socialism afresh. Whether the reform is smooth or not, besides depending on objective circumstances, to a large extent is determined by whether the understanding of socialism afresh is correct or not.

In the course of understanding socialism afresh, it is inevitable that many theoretical concepts of philosophy, political economy, scientific socialism, and so on will be involved. The reform process over the past 9 years is a process of continuous deepening of the understanding of socialism afresh; and is also a series of Marxist scientific theoretical concepts elaborated and developed in the philosophical, political economy, and scientific socialist fields and so on, and a process of continuous success achieved under the guidance of these concepts.

The Understanding of Socialism Afresh Should Have a Particular Meaning and Scope [subhead]

The understanding of socialism afresh should have a particular meaning and scope. This meaning is to continuously deepen the understanding of socialism on the basis of previous correct understanding of socialism. In the course of understanding socialism afresh, we should elaborate and develop correct socialist concepts, clarify some confused viewpoints of socialism, correct some wrong ideas about socialism, and eliminate various misunderstandings and misinterpretations. In addition, we should study the new problems that emerge in the

development of socialism, and form new viewpoints, so as to make people's understanding of socialism catch up with the changes and development of the era. Furthermore, we should closely integrate the science of socialism with the realities of China's socialist construction. These are rich contents of understanding socialism afresh.

I oppose the idea of doubting the scientific principles which have been clearly concluded in Marxist writings and proved by practice in the name of "understanding socialism afresh." As these principles are truths, we should naturally protect them from being violated. The idea of doubting these principles, and the practice of "understanding socialism afresh" that we are talking about, are two fundamentally different matters. However, we do not have to worry that some people may doubt these truths, and we also need not worry about people saying that they doubt these truths. As some people think in that way, they can thus stimulate us to do more persuasion work in the light of this phenomenon, and to explain the truth in a more detailed and thorough way.

At the same time, I do not consider that we can ignore study of the fundamental principles of socialism. To get a deeper understanding of the socialist fundamental principles is within the scope of understanding socialism afresh. We should strive to understand the socialist principles in a more precise, comprehensive, and profound way. We should expound the important significance of these principles, including the use of modern language to express and convey them and to enrich their contents by integrating them with practice, and so on in accordance with the principle of integrating the socialist fundamental principles with the realities of China. Since the 3d Plenary Session of the 11th CPC Central Committee, we have done a great deal of such work in understanding socialism afresh. The 13th party congress report made this comment, to which people have paid much attention: "Since the 3d Plenary Session of the 11th CPC Central Committee, our party has elaborated and developed a series of scientific theoretical concepts in the course of understanding socialism afresh and in the fields of philosophy, political economy, scientific socialism, and so on." It also listed 12 concepts. These concepts include "practice is the sole criterion of truth" and "the fundamental task of a socialist society is to develop productive forces." These concepts themselves are socialist fundamental principles. Since we have closely integrated these concepts with Chinese realities and have elaborated them in recent years, we have gained deeper understanding of the meaning of these principles. Such study is still within the scope of understanding socialism afresh.

Some new concepts we have gained are also socialist fundamental principles. For instance, the concept that socialist economy is a planned commodity economy is a socialist fundamental principle. It is a socialist fundamental principle; and no one has expounded this in such a clear and definite way before. Our present task is not only to integrate the socialist fundamental principles

which have been clarified and defined before with the concrete Chinese realities, but also to explore new socialist fundamental principles. However, the existing Marxist writings do not provide detailed explanation of the fundamental principles of socialist construction, and some important issues have not yet been completely settled. Therefore, many socialist fundamental principles, which have to be applied in socialist construction, still have to be studied and explored by ourselves. Under such circumstances and in the course of understanding socialism afresh, it is inevitable that the Marxists in China have to take up the double task of studying new issues concerning socialist fundamental principles and integrating them with the Chinese socialist construction realities. This is one of the reasons why our present work in building Marxist theory is more arduous than that in the new democratic revolution period.

The study of the special issues of Chinese socialism is a very important aspect of understanding socialism. In the series of scientific theoretical concepts elaborated and developed in the course of understanding socialism afresh conducted by the party over the past 9 years, which were summarized in the 13th party congress report, there is the concept that in building socialism under backward economic and cultural conditions, there must be a very long initial stage of socialism. This concept is within the scope of the study of special Chinese socialist issues. Its special feature is that it involves general characteristics itself. The initial stage of socialism in China is a special issue. However, the course of exploring this issue also involves a question of general characteristics, that of "how to grasp the mutual relationship between the level of economic and cultural development of a socialist country on the one hand, and the production relations and superstructure of that country on the other." Its special feature involves not only general characteristics, but characteristics richer than general ones. Therefore, what we have to do in the study of the initial stage of socialism in China is not only to get a clear estimation—meaning an estimation that is not too high or too low—of the current socialist development stage through scientific analysis and theoretical generalization, but also to draw many relevant conclusions from this study so that we can understand the problems of the initial stage of socialism in a more concrete and comprehensive way. The six points listed after the elucidation of the initial stage of socialism in the second part of the 13th party congress report answer only the question of that "what guiding principles, which have long-term significance, should we establish if we proceed from the realities of the initial stage of socialism." This is only part of the question, not the whole question, that should be studied by proceeding from the initial stage of socialism.

Besides a series of scientific theoretical concepts elaborated and developed in the course of understanding socialism afresh conducted by the party over the past 9 years, the 13th party congress report itself also raised many new viewpoints and elaborations in the aspect of

understanding socialism afresh. However, we can clearly see in light of guiding the undertaking of socialist structural reform in China to further develop smoothly, our task of understanding socialism afresh is still very heavy. Moreover, the viewpoints that have been raised and elaborated still have yet to be further studied. At the same time, many questions have still not been raised. This means that there are still many important tasks ahead for us, which we must work hard to complete. For quite a long time to come, we will still be in the process of understanding socialism afresh.

The Study of the Initial Stage of Socialism Should Be Concrete [subhead]

The greatest contribution of the 13th party congress report in understanding socialism afresh is that it expressed the scientific thesis that China is in the initial stage of socialism, and thus clarified and defined the concept of the initial stage of socialism, analyzed the grounds for the concept that China is in the initial stage of socialism, pointed out that the initial stage of socialism is a considerably long period of development, and so on. However, as described in the 13th party congress report, we still do not know much about, and do not know in-depth, the situation, contradictions, transformations, and regular pattern of the initial stage of socialism. This situation thus requires us to continue to exert efforts in this aspect and to observe and study it. We should study the initial stage of socialism in a concrete way. Concrete objects are changeable. The situation in the initial stage of socialism today is different from that of yesterday; and the situation in the initial stage of socialism tomorrow will also be different from that today. Schmidt wrote a letter to Engels about his writing plan for "the transitional stage to a communist society" in 1891. Engels replied in his letter that: The question of the transitional period to a communist society is the most difficult question to be solved among the present existing questions because the situation is changeable. For instance, circumstances will be changed with the emergence of every trust; and the target for attack will be completely changed every 10 years." (Marx and Engels: "Collected Works" Vol 38, p 123) If we study the transitional period to communism in an abstract way, the question will not be as difficult as Engels described. However, when historical development is taken into account, the situation will be different. Some 20 years after Engels wrote this letter, Lenin summarized many new situations formed after new trusts emerged and wrote the book "Imperialism Is the Highest Stage Of Capitalism" and others. Lenin pointed out that in the imperialist period, our "target for attack" is completely different from what Schmidt could imagine at that time. Our present study of the initial stage of socialism and the study of the transitional period to communism discussed in Engels' letter are of course two different things. However, on the point that our study still has to be deepened, what Engels said has inspired us.

Within the scope of understanding socialism afresh, there are many subjects to be studied. Many of them are

related to the initial stage of socialism. The question of the coexistence of the socialist system of public ownership and the socialist system of private ownership is one of them. For instance, will the existence of nonsocialist ownership economic sectors affect the socialist nature of this society? During the 22 years after the basic completion of the socialist transformation of the private ownership system of the means of production in 1957, a basically unitary social economic structure of socialist ownership formed in China. Since 1979, due to the implementation of the policy of opening up to the outside world and the policy of invigorating the domestic economy, some nonsocialist ownership economic sectors have reappeared in China, and a situation in which socialist public ownership is the mainstay and there is coexistence of diversified economic sectors has formed. On this phenomenon, people may ask: Viewed from a social development angle, does this indicate that a society will proceed forward from a lower stage of socialist development toward a higher stage of socialist development, or will it fall back from a higher stage of socialist development to a lower stage of socialist development? I can give more examples of similar questions. In order to explain these questions, clearly, it is necessary to seriously study them. Here, the method of viewing the questions and the theoretical criteria for making judgments will be involved. For instance, in order to clarify why the situation in which the socialist system of public ownership is the mainstay and there is coexistence of diversified economic sectors will emerge, we should first establish the viewpoint of the distinct standard for productive forces. The 13th party congress report raised the significance of productive force standard to a very high position. It pointed out that in the initial stage "whether this situation is advantageous to developing productive forces or not should become the starting point for us to consider all questions and the fundamental criterion for us to evaluate all work"; and "all things that are advantageous to productive force development conform to the fundamental interests of the people and thus are required by socialism or are allowable in socialism. All things that are not advantageous to productive force development are contrary to scientific socialism and are not allowable in socialism." However, the question of how should the productive force standard be used to solve thoroughly and distinctively the abovementioned questions still requires us to carry out more profound and concrete analysis.

The Concept of "Socialist Social Economy" Should Be Distinguished From the Concept of "Economy Under Socialist Ownership" [subhead]

Here, I raise another question, which is related to the question that we are studying, for discussion. As seen by everybody, people always fail to distinguish the concept of "socialist social economy" from the concept of "economy under socialist ownership," and use the same term "socialist economy" to describe both. In fact they have different meanings. "Economy under socialist ownership" refers to the economy under production relations of a socialist

nature; and "socialist social economy" refers to the economy of a society with this type of nature. In such a society, the economy under socialist ownership doubtless and definitely occupies the mainstay position, and the question of whether the economy under capitalist ownership or the economy under socialist ownership occupies the dominant position is solved. Moreover, the economy under nonsocialist ownership plays a role in supplementing and helping the economy under socialist ownership, and it is no longer a force contending with the socialist ownership system. That means under such a society the economic development trend of the whole society is the development of the economy under socialist ownership. Or we can say that under such a society and within a certain scope and to a certain extent, the existence of the economy under nonsocialist ownership becomes a condition for the economy under socialist ownership to achieve better development. Under such circumstances, the economy under socialist ownership can be the economy, in which the socialist system of public ownership is the mainstay and there is coexistence of diversified economic sectors, that we are talking about. It is very important to distinguish between the concept of economy under socialist ownership and the concept of socialist social economy. Thus, we will not be confused by the phenomenon of coexistence of diversified economic sectors in a socialist society.

I think I can say something here about Lenin's discussion in his article "On 'Left-Wing' Childishness and the Petit-Bourgeois Mentality." Lenin criticized in this article, written in 1918, the idea of "abstractly comparing 'capitalism' with 'socialism.'" It is undoubtedly true that capitalism and socialism are two antagonistic poles. However, as pointed out by Lenin, to concretely analyze concrete things is the quintessence and the living spirit of Marxism. Under some concrete historical conditions, capitalism, which is antagonistic to socialism, can play a role in helping socialism. Lenin wrote in this article: "If, in approximately 6 month's time, state capitalism became established in our Republic, this could be a great success and a sure guarantee that within a year socialism will have gained a permanently firm hold and will have become invincible in our country." (Lenin: "Collected Works," Vol 3, pp 546, 540) These comments of Lenin are of help to us in understanding the question of the coexistence of diversified economic sectors in a socialist social economy.

On the question of whether the coexistence of diversified economic sectors will affect the socialist nature of Chinese society, the 13th party congress report gave an answer in principle. The report pointed out that: In the initial stage of socialism, we should "particularly develop diversified economic sectors under the precondition that public ownership is the mainstay." Of course, this question still has to be explained in a more clear and thorough way.

The Study of the Form of Socialist Ownership Is an Important Subject [subhead]

A question on the nature and the form of socialist ownership, which is related to the initial stage of socialism, can be raised.

On this topic, we should first clearly and definitely regard the socialist system of public ownership as the fundamental nature, but not the form, of socialist ownership. What we should further explore is the question of what type of public ownership is a socialist system of public ownership? What are its special features? This is a question concerning the socialist element in political economy that has not been seriously discussed before.

Second, the form of socialist ownership should be studied. As we know, socialist ownership can take many forms. Some of them can be termed fundamental forms, while some of them can be termed nonfundamental forms. There is more than one form of socialist ownership. The socialist system of state ownership and the socialist system of collective ownership by laborers are so far the two generally recognized fundamental forms. Apart from these two, does or will a third or fourth form exist? This is a question that merits much study. For instance, the "enterprise ownership system" suggested by Chinese economists could be the third fundamental form in addition to state ownership and collective ownership.

The two present generally recognized fundamental forms—the socialist system of state ownership (I mean the independent, complete, and direct socialist system of state ownership), and the socialist system of collective ownership by laborers—have their own concrete historical conditions at the time of production. With the changes in historical conditions and forward development, their position in the entire system of socialist ownership will also be changed. It is also a very important part of the economic reform policy to clarify and define the attitude toward this fundamental form of socialist ownership. The 13th party congress report affirmed that the two fundamental forms of state ownership and collective ownership will still continue to exist. However, how will their position in socialist ownership be changed in the entire initial stage of socialism? What will the pattern of change be? The report did not mention this. We should continue to explore these questions, which should be taken as a subject in understanding socialism afresh. During the reform, will the changes in the ownership right and the right to manage state-owned enterprises affect this fundamental form of state ownership? If it will be affected, what will be the effects? This is also a question to which attention should be paid. My answer to this question is that effects will definitely be brought about. Moreover, I consider that we should have a sufficient estimation of the effects thus resulting.

The results of lateral economic ties development over recent years have raised significantly the position of the nonfundamental forms of socialist ownership. There is this sentence in the 13th party congress report: "Besides whole-people ownership and collective ownership, public-owned enterprises formed by the combination of whole-people ownership and collective ownership, and

public-owned enterprises formed by mutual subscription of shares by various areas, departments, and enterprises, and so on should be developed." During the reform, how much will the enormous emergence of the nonfundamental forms of socialist ownership and the significant raising of their position affect the economy under socialist ownership? This is also a question worth studying, and we should fully estimate its significance.

The study of the forms of socialist ownership should involve the study of the structure of the forms of socialist ownership. This includes: The study of what fundamental forms and nonfundamental forms exist in a specified economy under socialist ownership; there are slight but practically significant differences among fundamental forms and nonfundamental forms; what individual proportion in the entire economy under socialist ownership these various forms occupy, and in what relationships they mutually combine into an entire economy under socialist ownership.

In short, the study of the form of socialist ownership is an important subject in socialist economic study, and it is also an important subject in understanding socialism afresh.

Special Attention Should Be Paid to the Socialist Commodity Economy [subhead]

There is also the subject of socialist commodity economic structure, which is related to the theory of the initial stage of socialism. Socialist commodity economic structure exists throughout the entire socialist stage, and it is not only a phenomenon of the initial stage of socialism. However, China at present is in the historical transitional period "from a situation in which the commodity economy is not developed and the people have very weak commodity consciousness" to "a situation in which the commodity economy is developed and the people have stronger commodity consciousness." Therefore, we should pay special attention to socialist commodity economy.

"Socialist planned commodity economic structure" is a new term that first appeared in the 13th party congress report. It is an advance from the wording in the decision of the 3d Plenary Session of the 12th CPC Central Committee that "socialist planned economy is a planned commodity economy built on public ownership" to the wording "structure of socialist planned commodity economy." It specifically turns a scientific judgment into a visible structure. The existence of a commodity economy in a socialist society is similar to the existence of the principle of distribution according to labor, in that it is a fundamental economic feature of a socialist society. It means the structure of a socialist planned commodity economy is within the scope of socialist fundamental economic structure. Therefore, the establishment of a socialist planned commodity economic structure is also within the scope of perfecting the socialist fundamental economic system. Since commodity economy serves as a link among various forms of socialist ownership,

between socialist and nonsocialist ownership, and between socialist state enterprises and enterprises under various forms of ownership on the one hand and laborers on the other, socialist planned commodity economy can be regarded as the foundation and the center of the entire socialist social economy. Socialist economic development should be the planned development of socialist commodity economy; and the plan for developing socialist economy should be the plan for developing socialist commodity economy. On establishing socialist planned commodity economic structure, the 13th party congress report provided a concise description based on the angle of realizing economic policies. Some of the theoretical basis of these policies still has to be further studied and elucidated. This type of study and elucidation is within the scope of understanding socialism afresh—particularly within the scope of understanding afresh socialist economy and socialist planned economy, and the socialist market and the socialist market economy. Chinese economists have written many articles and expressed many similar and different views on these questions. If they go deeper into the discussion, the differences in view will be further revealed. Judged from this angle, we are still in the course of understanding socialism afresh.

The above questions are examples of the subjects raised only from an economic angle, that have to be studied. The 3d Plenary Session of the 11th CPC Central Committee was a starting point for understanding socialism afresh. The 13th party congress report summarized the development of the party's understanding of socialism afresh since 1979. The 13th party congress can be regarded as a new starting point for understanding socialism afresh. Under the guidance of the 13th party congress report, the understanding of socialism afresh can be further deepened. Therefore, we have to think about what questions should we raise in understanding socialism afresh so that we can carry out comprehensive study on this aspect. To understand socialism afresh is not only a matter within the realm of economics. There is also the question of understanding socialism afresh in the realm of politics, culture, and social life. Plentiful and substantial results in understanding socialism afresh can never be achieved at once but need much effort and time. We are in the process of understanding socialism afresh and we have not yet finished this process. It will not be finished soon, or will never be finished. History will tell us that if we persist in a down-to-earth manner and use the right methods, many important results can definitely be achieved by the time of the 14th party congress.

Government Urged To Control Inflation OW291001 Beijing XINHUA in English 0713 GMT 29 Jan 88

[Text] Beijing, January 28 (XINHUA)—The annual inflation rate in retail prices may approach or even exceed 10 percent this year, according to today's "CHINA DAILY".

Some economists have urged the Government to try to keep the rate down close to 5 percent. They said in the Shanghai-based "WORLD ECONOMIC HERALD" that China has two major options for its price policies.

Those who believe inflation is a "necessary cost" of higher growth rates insist on an 8 percent or even higher annual inflation rate— dangerous for readjusting society's different interests and for developing steady economic growth.

The other option is to lower the annual inflation rate to 4 percent—a goal the Government should try to attain in 1990.

However, the economists did not agree with some of their colleagues who call for "special tactics" to control prices, meaning emergency interference from the state.

For example, if too much preference is given to pig farmers, including raising the procurement prices for hogs, there will probably be a glut of pork next year in contrast with the current shortage.

They predict that the pork supply will begin to show signs of improvement in the latter part of this year, and will return to normal by the end of the year.

The most important thing that the Government has to do, they said, is to prevent anything outside of budget investments from siphoning off too much money.

The scale of capital investment (including both that covered by the country's development program and extra-budgetary) has long remained too large.

In fact, about 40 percent of the government allocated investment funds and 80 percent of the profit retained by enterprises ends up being spent on nonproductive purposes and more often than not as workers' pocket money.

Last year, bonuses for industrial workers increases by 17.14 billion yuan (4.6 billion U.S. dollars approximately) from January to September, or 45 percent higher than during the same period in the previous year.

The State Council decided last September that the scale of capital investment in 1988 would remain about the same as in 1987. One main purpose of this decision was to control money supply, the paper reported.

The facts show that the unquenchable thirst for money has created the spiral increase of workers' bonuses and retail prices, and lowered the living standards of other urban residents.

This spiral increase has no corresponding improvement in production in terms of either quality or quantity, and is only detrimental to the price reforms planned by the authorities.

Price rises do not add to revenue either. The authorities have neither enough money nor guarantees for no, or little, inflation during a major reform of the country's existing price system.

Zhang Zhuoyuan, director of the Institute of Financial and Commercial Economics of the Chinese Academy of Social Sciences, called for the reform in the prices of industrial production materials before adjustments are made to the prices of major consumer goods.

Even this process will be longer than expected at the beginning of the economic reforms, Zhao Ziyang, general secretary of the Chinese Communist Party, told a meeting last December.

Paper Discusses State Ownership Reform

Article by He Wei

HK280955 Beijing JINGJIXUE ZHOUBAO in Chinese
3 Jan 88 p 2

[Article by He Wei (0149 0251): "The Main Trend of Thought on State Ownership Reform"]

[Text] 1. Reforming state ownership is where the key to the current economic structural reform lies. At present, if we fail to accelerate separation of the two powers [ownership and management power] and of government and enterprise functions, we cannot move a single step with reform in other fields of endeavor and cannot create a relatively relaxed environment. Only when enterprises are invigorated, economic results raised, and financial revenues boosted can there be an economic guarantee for price, wage, and tax reforms and conditions for the growth of markets. The main task of the current reform is to further reform the contract responsibility system, to further separate the two powers and the functions of the government from those of the enterprises, to give enterprises more decisionmaking power, and to promote the change of enterprise operation mechanisms.

2. State ownership is not an indicator of socialism. State ownership comes along with the emergence of a state. It is not the product of socialized large-scale production. The fact that sometimes capitalist countries carry out nationalization reforms and sometimes denationalization ones, depends mainly on the intensity of basic contradictions in capitalist countries. This holds true for socialist countries. After seizing state power the proletariat established a system of state ownership. This is the outcome of the intensification of basic contradictions and social contradictions. Therefore state ownership has played a crucial role in consolidating the achievements of the revolution and in establishing socialist production relations and a socialist system. In a certain sense, without state ownership there would be no socialist system. However, we should not retain state ownership on a long-term basis. After the basic contradictions ease we should gradually change state ownership. This is because the socialism indicator is ownership by society rather than ownership by the state. Yugoslavia abolished state ownership in 1948. China's state ownership has in fact been changed into ownership by the department and ownership by the locality. The state cannot allocate and transfer the assets of departments and localities gratis. In

terms of the economic structural reforms currently being undertaken in socialist countries, efforts are being made to minimize state power and to expand enterprise power. This demonstrates the law governing state ownership reform. Being the owner of the means of production the state is bound to intervene in enterprise operations using government means to realize ownership. Using administrative fiat in favor of enterprise operation mechanisms will make it difficult to avoid bureaucraticism and inefficiency. Without thoroughly eliminating the relationship in which the superstructure has long controlled the economic base, a relationship of putting the cart before the horse, the malpractices of the old economic structure cannot be thoroughly remedied and enterprises cannot become genuine commodity producers and handlers. To regulate and control the macroeconomy, the state need not necessarily be the owner. This is like when directing vehicles, a traffic policeman is not necessarily the owner or the driver of the vehicle. The regulation and control of the macroeconomy can be achieved through the process of the state regulating the market and the market guiding enterprises. As far as denationalization is concerned, on no account must we interpret it as complete abandonment of the state sector of the economy. We just discuss the issue from an overall point of view. Of course, denationalization is a process of gradual advance and cannot be achieved in a single bound.

3. It is imperative to set up a trust investment bank to temporarily perform the function of the owner on behalf of the state. To standardize the contract system some people suggested that the state set up a state property management ministry in charge of contracting out and leasing enterprises, as the representative of ownership by the whole people. This is progress compared with the current representation by multi-headed ownership. However, as a central authorities department the ministry is still a government organ which has to set up its subordinate organizations level by level, to manage the enterprises under the jurisdiction of governments at all levels. What is different from past practice is that the multi-headed ownership representative is replaced by the representative of a single form of ownership. In other words, the essence of confusion in government and enterprise functions—a government organ is the representative of ownership—has not changed, and its relationship with enterprises remains a relationship of subordination. As such, this proposal is undesirable. Therefore it is imperative to set up a trust investment bank. It is an enterprise and not a government organ. Although it is entitled to perform the functions of the owner on the state's behalf, its relationship with enterprises is an equal relationship which may be completely transformed in the future into a relationship of liability. Such a transformation is impossible with regard to the property management ministry.

The tasks of the trust investment bank are: First, to thoroughly separate the enterprises from the government at various levels on the basis of making an inventory and assessment of the enterprise's property, and to invest in the

enterprise; second, to safeguard the safety of public property and ensure public assets will not be encroached upon; third, as the contract holder and lessor, to organize invitations for contractors and leasees through public bidding and to supervise the implementation of contracts; fourth, to separate profits from taxes and to collect interest from contracting enterprises and rents from leasing enterprise in the capacity of owner; and fifth and last, to retain profits in accordance with a certain proportional rate and to hand over the remaining sum in full to the state. As the economic structural reform develops, the trust investment bank should be gradually run as an enterprise and the funds officially owned by enterprises should be regarded as loans rather than investments in the trust investment bank. The relationship between the two parties is no longer one of owner and user in which the two powers are separated but instead, it is a relationship of liability in which the two powers are completely united in the enterprises and both parties treat each other on an equal footing, with the enterprises paying interest on their loans to the trust investment bank which no longer contracts out or leases enterprises in the capacity of owner. The enterprises which have the capability of repaying their loans should be encouraged, because this shows they are being operated in the right way. This time the trust investment bank is not the representative of the owner of state property, and all state funds in its hands are turned into state deposits on which it should pay interest to the state treasury according to corresponding interest rates. As far as the nature of the trust investment bank is concerned, there is no essential difference between it and other specialized banks.

4. Enterprises' integration of the two powers again becomes separation of the two powers in the internal departments of enterprises. In the beginning, in its capacity as the owner of the state representative organ, the trust investment bank contracts out and leases enterprises and in this stage, ownership and management powers are separated. When the trust investment bank no longer serves as the owner's representative and establishes a relationship of liability with an enterprise, government administration and enterprise management are completely separated and the two powers are integrated in the enterprise, with ownership no longer disassociating from the enterprise. To have some people held responsible for an enterprise's property, a board of directors or management committee is formed in the enterprise as the owner of the enterprise's legal entity, and to ensure it enjoys ownership over the enterprise as the legal entity whose responsibility is to: Safeguard state property from any encroachment; decide the principles for enterprise management; be responsible for inviting the manager of the enterprise through bidding; and to supervise the implementation of contracts by the manager. The winner of the bidding or the successful candidate in the job invitation scheme is the natural factory director (manager) of the enterprise and its legal entity. He assumes overall responsibility for his enterprise and runs his enterprise independently and on a profit and loss basis. Hence, in the enterprise's internal departments ownership and management

power are separated and a relationship of mutual check is formed. This ownership by the enterprise may assume the operational forms of the contract, leasing, shareholding, and partnership systems.

5. The emergence of ownership by the enterprise. As the economic structural reform has developed so far, the form of public ownership of the means of production has moved from ownership by the state to ownership by the enterprise, but the nature of public ownership remains unchanged. In any society, the nature of ownership can be differentiated from its form. The nature of ownership determines its form and the latter reflects the former. The two are closely related. The nature of ownership in a society cannot be changed, because if it changed the nature of the whole society would change. This holds true for ownership by feudal landlords and by the bourgeoisie. However, while the nature of ownership remains unchanged the form of ownership may change due to the role of specific productive forces. In feudal society, ownership was materialized in the forms of labor rent, rent in kind, and money rent. In capitalist society the realization of ownership assumes the forms of single capital, joint capital, monopoly capital, and international capital. In socialist countries it may take the forms of ownership by the state and ownership by the enterprise. If we equate nature with form we will come to believe that the nature of ownership will change as long as there is a change in its form. Similarly, a contrary case may emerge whereby we may come to believe that so long as the forms of ownership are the same, their nature must also be the same, as in the case of socialist and capitalist shareholding systems, and of feudal money rent and capitalist rent. We may lose sight of the different forms of embodiment of the nature of ownership.

Ownership by the enterprise is in essence ownership by society and different from ownership by the collective.

First, the source of enterprise funds is different. The enterprise's funds are not pooled by all its members in the form of shares. When joining an enterprise, members do not bring any funds with them and when quitting the enterprise, they cannot take any funds away with them.

Second, the ownership of enterprise property is different. In an enterprise under the system of ownership by the collective, the owner, the investor, and the laborer form an integral whole. Under the system of ownership by the enterprise, every person is just a laborer and does not use the means of production as the owner.

Third, the ownership of enterprise accumulation is different. In an enterprise under ownership by the collective, the accumulation goes to all members of the collective, and can be used either to expand reproduction or to be distributed among its members. No outsiders are entitled to intervene. Under the system of ownership by the enterprise, accumulation can but go to the enterprise.

It is the contributions the laborers made for society and no one is entitled to use it, because only in this way can the continuous expansion of public property be ensured.

Therefore, ownership by the collective is in essence ownership by society. It is where the laborers and the means of production are integrated; the laborers contribute their labor to society; and the laborers obtain their income on the basis of distribution according to work. It is the form of transition from state ownership to the association of free people. When the level of productive forces under the system of ownership by the enterprise is still low, the possession of enterprises by the joint laborers is of an exclusive nature. This being the case the enterprises still have collective economic interests. Therefore ownership by the enterprise is still a cause for the existence of commodity production.

Article by Liu Guangdi

HK290705 Beijing JINGJIXUE ZHOUBAO in Chinese
3 Jan 88 p 2

[Article by Liu Guangdi (0491 0342 4574): "State Ownership Cannot Be Discarded"]

[Text] Some comrades now hold that reform of public ownership is the key to economic structural reform, and that discarding state ownership and replacing it with other forms of ownership is the key to public ownership reform. I do not approve of this.

People who persist in regarding ownership reform as the key to economic structural reform sum up ownership as the relations of property rights. I think that this is open to question. Marxism holds that ownership has two meanings: 1) Ownership is the sum total of the production relations determined by given productive forces. That is to say, given ownership is determined by various relations, including production, exchange, distribution, and consumption. 2) Ownership is expressed as the relations of property rights, which says to whom property belongs. These two meanings of ownership say that production relations determine the relations of property rights. Nevertheless, for a long period people have regarded the possession and ownership of the means of production as a prerequisite in the course of production, and failed to see that it is the outcome of activities in the course of production. They have therefore always got bogged down in the property ownership issue but have not known that problems in our country's public ownership mode, which await improvement, exist in all aspects of production relations. If we merely solve the problem of property ownership we cannot solve the problems in the other aspects, including exchange and distribution.

For example, the success or failure of pricing structure reform plays a decisive part in economic structural reform and ownership reform, and pricing structure reform is no less important than ownership reform. Our pricing structure is extremely irrational. The prices of products from the land (farm produce, mineral products)

especially are on the low side, whereas the prices of processed industrial products are on the high side. The main reason for the low prices of products from the land is due to the fact that the value of these products is not directly determined by the average social labor but by individual labor which uses the poorest land to produce the products. In other words, the constitution of these prices of products from the land should not only include the average profits but also excess profits. In the past, as the prices of products from the land did not embrace excess profits there was no compensation for labor using poor land, and the advantages of low prices for products from the land were shifted to the processing industry. As a result, the enterprises which produced products from the land received less pay for more work, while enterprises producing processed products received more pay for less work. In this way no one was willing to invest in producing products from the land but everyone was willing to invest more money in the producing processed products. So far as the readjustment of ownership is concerned, it is relatively difficult for the enterprises which produce products from the land to change ownership or define property rights relations, but it is relatively easy for enterprises producing processed products to reform ownership. From this we can see that to use land with compensation and to rationalize the pricing structure is no less important than ownership reform.

Ownership reform is not necessarily a prerequisite for distribution reform. One of the characteristics of socialism is to implement the principle of distribution according to work, which is the law of exchange of equal amounts of labor. So long as the law of exchange of equal amounts of labor is implemented and all laborers can get corresponding remuneration according to their labor and contribution, although they do not directly possess property and the property belongs to the state, their enthusiasm for labor is not affected. So far as laborers are concerned, the possession of profits is much more important than the possession of property.

International experience also proves that whoever owns an enterprise is not important, but what is important is to implement the principle of the rights, responsibilities, and interests of the enterprise, and to have the conditions to compete in the market on an equal basis. However, we cannot completely rely on defining property rights relations in solving the problem of creating these conditions.

Is discarding state ownership the key to public ownership reform? I do not think it is. As a basic system state ownership cannot be abrogated but the mode of state ownership must continuously improve. State ownership has existed for a long time and our country must consolidate and develop this system. As a basis system in socialist ownership, state ownership is a product of large-scale socialized production. Socialized production relations must be suited to the socialized productive forces. In any country large-scale enterprises can only be controlled by the state which plays a central part in

society. This completely conforms to the requirements of the objective law that the productive forces determine production relations and that property rights relations can only be determined by state ownership—production relations. State ownership must exist in our country and this can be proved by the state economic functions: 1) Economic activity in a socialist society must be readjusted and managed by a social center. In any country only the state can act as this social center; 2) Economic activity in a socialist country is readjusted and managed by the country according to the common interests of the people; 3) Economic readjustment must have certain actual strength, the foundation of which is the state ownership economy; 4) Serious contradictions exist in the material interests of all aspects under socialist conditions and must be readjusted by the state; and 5) The orientation of socialist economic development is to be led by the state ownership economy. From this we can see that state ownership cannot be discarded.

The problems in the past were chiefly because we had confused ideas about state ownership and the mode we had adopted was ossified and remained unchanged for a long period. We thought that the more state-owned enterprises the better, and the more concentrated was state control over the state-owned enterprises the better. We did not know that the existence of state ownership can only be the outcome of the highly-developed social productive forces. State ownership is applicable only to large-scale enterprises and not to small-scale ones. We must now therefore in a planned way sell by auction, or operate by lease or contract, a large number of small, relatively small, and medium-sized enterprises which should not have been nationalized in the first place, according to the principle of transfer with compensation. We must carry out denationalization and transfer ownership according to the principle that production relations determine property rights relations. Regarding large-scale state-owned enterprises, we must change their state ownership mode as soon as possible. I think that the new state ownership mode must be built on the foundation of separating property rights from operation rights so as to turn enterprises into the independent operation-type mode of state ownership.

The operation rights here must be explained in a broad rather than narrow sense. An enterprise enjoying operation rights does not exclude enjoying certain property rights, and if it does not have any property rights, it has no operation rights. To persist in state ownership's dominant position in public ownership, the state should no longer enjoy operation rights over state-owned enterprises and can only enjoy legal property rights or ultimate property rights. The state must legally forsake all rights to directly use or control enterprise property and can only use economic levers to indirectly influence the operation of enterprise assets through the market. To guarantee independent operation rights an enterprise must actually possess and use state-owned property and enjoy the rights to deal with property and to distribute profits. That is to say a state-owned enterprise must

enjoy economic property rights and legal entity property rights. Having acquired the economic property rights and legal entity property rights an enterprise becomes a principal civil body which does not rely on the ultimate property owner (the state) and which exists independently, enjoys property rights, undertakes civil obligations, excludes administrative interference, and vigorously carries on all businesses.

I hold that the separation of property rights from operation rights and separation of legal property rights from economic property rights according to the different nature and targets of operation in enterprises is the main way to reform large-scale state-owned enterprise ownership.

Minister on Output of Urgently Needed Items
OW281425 Beijing XINHUA Domestic Service
in Chinese 1528 GMT 18 Jan 88

[By reporter Wu Jingcai]

[Text] Beijing, 18 Jan (XINHUA)—Today Zeng Xianlin, minister of light industry, listed some light industrial products in short supply in the market and asked all localities to take special measures with regard to supply of raw and semifinished materials, use of foreign exchange, and formulation of policies in an endeavor to increase the output of these products.

He listed these products at this evening's national telephone conference attended by directors of light industrial departments and bureaus. These include newsprint, paper for industrial use, paper for relief printing, detergent, soaps, canned foods, sugar, salt, hog hide, plastic products, and certain small commodities. Zeng Xianlin said: A very big gap exists between the approximately 8 percent growth rate targeted in the 1988 light industrial production plan and the planned increase in the total volume of retail sales of commodities. He stressed: In light industrial production, efforts should be devoted to the improvement of product quality. If the labor used is the same, production of fine-quality products will give the consumers more material benefits, enable the enterprises to create more value, and make it possible for the state to accumulate more funds.

Zeng Xianlin pointed out: For many light industrial products such as bicycles, wrist watches, electric fans, washing machines, and other durables, our efforts are far from enough if we merely satisfy the quantitative requirements in the market. We must develop good, famous products and meet the consumers' new demands with regard to quality, varieties, and after-sales service.

In view of the nature of the current market demands for light industrial products, Zeng Xianlin said that work of light industrial production this year is "four increases, two restrictions, and one prohibition." That is, great efforts should be made to increase the production of people's daily necessities, products for export to earn

foreign exchange, plastic sheeting and other agriculture-supporting products, and commodities in short supply in the market; to restrict the production work of those enterprises that are wasting raw and semifinished materials, energy, funds, and foreign exchange, and the production of slow-selling products; and to prohibit the production of counterfeit and inferior-quality products so that our limited materials, financial resources, and labor force can be used to develop the most needed products.

Female Entrepreneur Runs Successful Business
OW281804 Beijing XINHUA in English 1125 GMT
26 Jan 88

["Profile: Female Farmer Excels in Her Managerial Career"—XINHUA headline]

[text] Dalian, January 26 (XINHUA)—Li Guilian has never been happier than now. Her factory, by earning eight million U.S. Dollars last year, is the most profitable farmer-managed garment-making workshop in the country.

In 1987, Li's factory, with 3,000 employees, produced 1.5 million garments, most of which were exported.

According to the contract signed with the township government, Li got 50,000 yuan, one percent of the total profit made by the factory.

However, when she opened her shabby workshop eight years ago, Li never dreamed that some day she would become one of China's best farmer-entrepreneurs, and the only female among them.

"Without the reform and open policy Li would still have been a farmer, sweating in the field," said Tang Maoquan, a Dalian City official and the matchmaker for Li and her husband.

Having graduated from middle-school 26 years ago, she had to return to her home village in Xinjin County. Discontented with the field life, she made up her mind to shift to a new career in 1979 when the government began to allow farmers to work in non-agricultural industries and permitted some competent farmers to get rich ahead of others.

With 30,000 yuan pooled from among villagers, Li set off, followed by four score women villagers who invested their domestic sewing machines.

"At the time," Li recalled, "all we could do was produce some sub-standard bags, and Li could hardly manage to pay the workers, including myself, when pay day arrived. But none of us complained. I had a hunch that we would succeed provided the policy was sustained."

Gradually Li got over her most difficult period. A year later, the factory made a profit of 10,000 yuan.

Quality is everything. Li boasts that 100 percent of the factory's products are of good quality.

As part of efforts to guarantee quality, Li ordered workshops should be free from dust and everything painted white: smocks, caps, walls, lampshades even sewing machines and heating radiators. "I feel comfortable working here," a worker said.

The factory sets aside a handsome part of its annual profit as a kind of pension fund so that "workers don't have to worry about their future once they retire," said the factory's janitor.

Workers are entitled to appreciate a happy life and a factory leader should apply whatever means to make them happy. "Sullen workers produce shabby goods," Li said.

Not unusually, Li allows workers to check out earlier to enjoy a well-liked TV program at home and heavily rewards those who contribute their wisdom and talent for the factory's innovation.

"She keeps a notebook to remind her of presenting a gift to each worker for his/her birthday," her husband Shi Xianglin said, recalling that Li once found an ideal spouse for an orphan worker and donated 1,400 yuan to help the couple build a family. Occasionally Li is seen escorting a widowed worker to pay respect and offer sacrifice at the graveyard.

Unlike most of China's rural women over 40, Li is often found singing and dancing with younger workers though "I am not apt at dancing. I just try to make me one of them. A rapport between an employer and the employees is surely conducive to the production."

But Li seldom dances at home with her two teen-age daughters though sometimes they would like to see what the mother is like when she dances.

East Region

Chen Guangyi Attends Fujian CPPCC Session
OW290239 Fuzhou Fujian Provincial Service
in Mandarin 1100 GMT 18 Jan 88

[Excerpts] The First Session of the Sixth Fujian Provincial CPPCC Committee opened in Fuzhou at 1500 today.

The executive chairmen for today's meeting were Chen Guangyi, Chen Xizhong, Zhang Kehui, Ni Songmao, Zhao Xiufu, Lu Haoran, Chen Yangzeng, Xu Jimei and Yang Zhongli. Also seated on the rostrum were the leading comrades of the Fujian Provincial CPC Committee, provincial Advisory Commission, provincial Discipline Inspection Commission, Standing Committee of the provincial People's Congress, provincial government and provincial Military District. Additionally, some old comrades attended, including Wang Zhaoguo, Jia Qinglin, Hu Hong, Cheng Xu, Cai Ninglin, Yuan Qitong, Zhang Zongde, (?Lin Kaiqin), Wen Fushan, Huang Ming, Wang Yan, Ge Ruiren, Wen Xiushan, Wang Zhi, Liu Yongye, Hou Linzhou, Wang Yishi, You Dexin, Huang Changxi, Cong Lizhi, Wei Jinshui, Jia Jiumin, Lu Sheng, He Lixue, Xiong Zhaoren, Jiang Xuedao, (Suo Kongyu), Lu Tao, Zhang Zhaohan, Fu Baicui, (Xu Yiqing), (?Wang Zhaokun), (Liu Fuxiang), (Lin Qing) and Gao Hu. [passage omitted]

On behalf of the Standing Committee of the fifth provincial CPPCC Committee, Chen Xizhong delivered a work report to the meeting entitled: Sum Up Experience, Continue To Advance To Create a New Situation in the Work of the CPPCC. Reviewing and summing up the work and experience of the fifth provincial CPPCC Committee in the past 5 years, the report contained six parts: 1. Actively take part in the political life of the state and localities to give scope to the CPPCC's role in democratic supervision. 2. Take full advantage of its intellectual superiority to serve socialist material and spiritual society. 3. Continue the fine tradition of self-education to carry out diversified activities. 4. Actively promote overseas contacts. 5. Implement various policies for united front work to mobilize the enthusiasm of people in all walks of life. 6. Gradually strengthen ties with various county and city CPPCC Committees to promote the development of CPPCC work in various localities. [passage omitted]

Joins Report Discussion

OW281351 Fuzhou Fujian Provincial Service
in Mandarin 1100 GMT 21 Jan 88

[Excerpts] Members attending the First Session of the Sixth Fujian Provincial CPPCC Committee discussed in separate groups this morning a report made by acting provincial Governor Wang Zhaoguo at the First Session of the Seventh Provincial People's Congress. The report

was entitled: Carry Out Reform in Depth, Expand Foreign Trade, Promote Fujian's Socialist Modernization More Rapidly and Better. Comrades Chen Guangyi and Zhang Kehui joined the discussion. [Passage omitted]

In his speech, member (Guan Kazha) said: Our Overseas Chinese affairs also need to be reformed. In the past we often encouraged Overseas Chinese to love the motherland and homeland. That, of course, was necessary. However, today offspring of Overseas Chinese talk about material benefits more often. When they find it profitable to make investments here, they will come to do business and establish enterprises. Therefore, we must open our doors wider and offer favorable conditions to attract capital to develop Fujian's economy. [Passage omitted]

Fujian People's Congress Elects New Leaders
OW290613 Beijing XINHUA Domestic Service
in Chinese 1514 GMT 28 Jan 88

[Text] Fuzhou, 28 Jan (XINHUA)—The First Session of the Seventh Fujian Provincial People's Congress has elected Cheng Xu as chairman of its Standing Committee and Wang Zhaoguo as governor.

Also elected at the session were eight vice chairmen of the provincial People's Congress Standing Committee Guo Ruiren, Wen Xiushan, Huang Changxi [7806 7022 3305], Zhang Yumin [1728 3254 3046], Kang Beisheng (female).

Fujian To Expand Foreign Managers' Power
OW281130 Beijing XINHUA in English 0821 GMT
28 Jan 88

[Text] Beijing, January 28 (XINHUA)—The Fuzhou and Xiamen City governments have decided to eliminate the position of the Chinese general manager or deputy general manager in Sino-foreign joint ventures, the "PEOPLE'S DAILY" reported today.

The decision will leave foreign general managers with full responsibility for running joint ventures directly in accordance with international practice, the paper reported.

The two cities in coastal Fujian Province will also adopt other measures to improve their investment environments, according to the paper.

Next month, officials from the Xiamen City Government will inspect all the city's 183 joint ventures, co-production enterprises using foreign investment and wholly foreign-funded enterprises and help them solve their problems.

Early next month, the city government will publish lists of technical upgrading projects for old enterprises and invite foreign businessmen to invest or buy shares in the projects.

In addition, the city government will simplify ratification procedures and provide overall services for joint-venture projects, the paper reported.

Fuzhou has also decided to improve services for enterprises using foreign investment and foreign exchange-earning enterprises, and provide special recreation clubs for foreign businessmen and their families.

Jiangsu People's Congress Elects NPC Deputies
OW290543 Beijing XINHUA Domestic Service
in Chinese 1458 GMT 28 Jan 88

[Text] Nanjing, 28 Jan (XINHUA)—The First Session of the Seventh Jiangsu Provincial People's Congress elected 138 deputies to the Seventh NPC today. Peng Chong, vice chairman of the Sixth NPC Standing Committee, and Fei Xiaotong, vice chairman of the CPPCC National Committee, were among the elected deputies.

Also among the elected deputies were Secretary Han Peixin of the Jiangsu provincial party committee, Governor Gu Xiulian, linguist Lu Shuxiang, physicist Wu Zhonghua, American studies scholar Li Shenzhi, electronics expert Lu Baowei, psychologist Kuang Peizi, national model worker Tao Peifen, renowned writer Lu Wenfu, famed woman mountaineer Pan Duo, China's first woman electronics PhD Wei Yu, astronomer Qu Qinyue, and returned Overseas Chinese from Japan Du Ziwei. Special grade teachers Si Xia and Li Jilin, who have performed outstanding services in elementary education, were also elected.

The 138 NPC deputies were elected from among 189 candidates. The 15 candidates nominated by the central state organs were all elected. Wang Yishi, Liu Yongye, and Xiao Jian [5618 0256]; and five vice governors Cai Ninglin, You Dexin, Chen Mingyi, Su Changpei, and Shi Xingmou [2457 1840 6180].

Central-South Region

Guangdong Provincial CPPCC Elects Leaders
HK290342 Guangzhou Guangdong Provincial Service
in Mandarin 1030 GMT 27 Jan 88

[Text] This morning at the plenary meeting of the first session of the sixth provincial CPPCC Committee the chairman, vice chairmen, secretary general, and standing committee members of the sixth provincial CPPCC Committee were elected by secret ballot. The number of candidates matched the number of seats.

During this morning's plenary meeting, Comrade Wu Nansheng was reelected chairman of the provincial CPPCC Committee. A total of 11 people were elected vice chairmen of the provincial CPPCC Committee. These were, Yang Yingbin, Zheng Qun, Qi Feng, Wang Pingshan, Huang Qingqu, He Baosong, Huang Yaoshen, Li Chen, (Chen Zibin), (Li Jingkui), and (Shen Yongchun). Of the 11 vice chairmen, 5 are newly elected vice

chairmen. They are Wang Pingshan; Huang Qingqu; (Chen Zibin), who is chairman of the Guangdong provincial committee under the China Democratic National Construction Association; (Li Jingkui), who is chairman of the Guangdong Provincial Committee under the China Association for Promoting Democracy; and (Shen Yongchun), chairman of the Guangdong Provincial Federation of Industry and Commerce.

A total of 140 people, including (Yu Tan), were elected standing committee members of the provincial CPPCC Committee. Xiao Yaotang was elected secretary general of the provincial CPPCC Committee.

Guangdong's Lin on Enterprise Decisionmaking
HK290452 Guangzhou Guangdong Provincial Service
in Mandarin 1030 GMT 27 Jan 88

[Excerpts] The ongoing first session of the seventh provincial People's Congress has completed half of the items on its agenda. [passage omitted]

On the morning of 21 January, Lin Ruo, secretary of the provincial party committee, and Zhu Senlin, mayor of Guangzhou City, attended a forum held by the fourth group of the Guangzhou delegation to the provincial People's Congress session. The fourth group comprises responsible persons from Guangzhou City organizations and from large and medium-sized enterprises. [passage omitted]

Prior to saying good-bye to participants in the forum held by the fourth group, Secretary Lin Ruo said gladly: My visit to your forum today was most rewarding. He added: We must ensure that our enterprises are truly given decision-making power as quickly as possible. It is imperative for us to truly reinvigorate our enterprises.

Guangzhou To Commercialize Housing
HK280810 Beijing ZHONGGUO XINWEN SHE
in Chinese 1435 GMT 20 Jan 88

[Text] Guangzhou, 20 Jan (ZHONGGUO XINWEN SHE)—Guangzhou has accelerated its reform of the residential housing system. It has now completed a general housing survey and a survey on the residents' ability to bear changes. It is planning to commercialize residential housing in an overall manner within 3 years.

This was disclosed by Guangzhou Deputy Mayor Shi Anhai at a news briefing this afternoon.

According to the briefing, Guangzhou has set up special organs for work in reforming the residential housing system.

Shi Anhai said that thorough investigations were made and several seminars of specialists were held. Based on the conclusions from these studies, relevant departments

of Guangzhou have decided that reform of the residential housing system should be carried out in three stages in about 3 years. The reform will increase rents of residential housing and increase wages of workers, staff members, and cadres.

The concrete steps are: Housing rents shall first be determined according to depreciation, maintenance, and management. Housing expenditure of workers and staff members will then be raised to about 6 to 8 percent of their income. No subsidies will be given to cadres for above-norm floor space.

In the second stage, rents for public housing shall be raised to roughly those of private housing. Subsidies shall gradually become part of the wages.

In the third stage, rents of residential housing will be completely commercialized.

Shi Anhui said that Guangzhou will put forward a plan within this year. Some units in which necessary conditions exist will be allowed to carry out reform before the rest.

According to the briefing, Guangzhou has led other parts of the country in the residential housing commercialization. The percentage of commodity houses sold to private owners in Guangzhou is also higher than that of other mainland cities. According to statistics, Guangzhou has built more than 2.5 million square meters of commodity houses in the past few years (excluding those built last year), nearly 30 percent of which have been sold to private owners. Supply tends to fall short of demand.

Shi Anhui said that Guangzhou will continue to give preferential treatment to residents to encourage them to buy their own houses. He disclosed that in Guangzhou, the prices of houses sold to private owners are 15 percent lower than those sold to departments and organizations.

Guangxi People's Congress Session Closes
HK290531 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 28 Jan 88

[Text] The closing ceremony of the first session of the seventh regional People's Congress was held this afternoon. The ceremony was presided over by Jin Baosheng, permanent chairman of the session's presidium and executive chairman of the session.

The session adopted resolutions on: The regional people's government's work report; the 1988 social and economic development plans for Guangxi Autonomous Region; implementation of the regional budget for 1987 and the draft regional budget for 1988; the regional People's Congress Standing Committee's work report; the regional Higher People's Court's work report; and the regional People's Procuratorate's work report.

Wei Chunshu, reelected chairman of the regional people's government, spoke at the meeting. Gan Ku, reelected chairman of the regional People's Congress Standing Committee, delivered a closing speech.

Guangxi Elects Deputies to Seventh NPC
HK290332 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 27 Jan 88

[Excerpts] At this afternoon's sixth plenary meeting of the first session of the seventh autonomous regional People's Congress, Standing Committee members of the seventh regional People's Congress and our autonomous region's deputies to the Seventh National People's Congress were elected. [passage omitted]

The sixth plenary meeting was presided over by Huang Jia, executive chairman of both the presidium and the plenary meeting. Also attending the meeting were Gan Ku, Li Yindan, Wei Zhangping, Wei Chengdong, (Tang Feng), and (Liu Hanrong), executive chairmen of the sixth plenary meeting. [passage omitted]

According to biographical notes on Comrade Jin Baosheng, newly elected vice chairman of the autonomous regional People's Congress Standing Committee, was born in October 1927. His ancestral home is in Jinxiu County. He is of Yao nationality. His education level is the average level of junior middle school students. He began working for the CPC in October 1949 and joined the CPC in January 1953. [passage omitted]

Jin Baosheng was once vice chairman of the autonomous regional people's government and deputy secretary of the regional party committee. He was an alternate member of the 12th CPC Central Committee.

Guangxi Urges Sale of Grain to the State
HK290907 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 27 Jan 88

[Excerpts] To mobilize the enthusiasm of the vast numbers of peasants for growing grain and selling grain to the state, this year our region will continue implementing the following preferential policies in state purchase of grain by contract in accordance with the regulations set by the State Council and our autonomous regional people's government.

First, last year's policy and method regarding state purchase of grain by contract and the grain-fertilizer linkage will continue to be implemented this year.

Second, this year the region will continue implementing the method of integrating state purchase of grain by contract with the supply of diesel oil at the original price.

Third, those peasants who have signed contracts on state purchase of grain but have problems in finding production funds will be given advance money amounting to 30 percent of the purchase value of the contracts. [passage omitted]

Fourth, this year the region will continue implementing last year's method of offering money awards to those peasant households which have fulfilled contracts on selling grain to the state. [passage omitted]

Henan Congress Elects Provincial Officials
HK290143 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 28 Jan 88

[Excerpts] The fifth full meeting of the First Session of the Seventh Henan Provincial People's Congress, held on 28 January, announced the results of the 27 January election. [passage omitted] There was enthusiastic applause when it was announced that Zhang Shude had been reelected chairman of the provincial People's Congress Standing Committee. [passage omitted] There was also enthusiastic applause when it was announced that Cheng Weigao had been elected governor of the province. [passage omitted]

Guan Guangfu Attends Hubei Forestry Meeting
HK280801 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 22 Jan 88

[Excerpts] A meeting was held yesterday afternoon in a warm and lively atmosphere in the auditorium on the second floor of the (Liu Jia San) Hotel in Wuhan. During the meeting, our leading Comrades Guo Zhenqian, Han Ningfu, (Wang Kewen), (Lin Musen), Jiao Dexiu, Wang Hanzhang, Han Nanpeng, and (Lin Naiqiang) solemnly presented plates of merit in afforestation in 1986 [year as heard] to responsible persons from Chongyang, Yangxin, and 31 other advanced counties and cities. At that moment, the curtain of our provincial conference on forestry fell as scheduled. [passage omitted]

In his speech at the meeting, Guan Guangfu, secretary of the provincial party committee, said: It takes a long time to grow trees; forestry does not produce effects instantly. Forestry development first depends on a good policy. [passage omitted]

Hubei Notes Economic Achievements, Problems
HK290402 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 25 Jan 88

[Excerpts] At a press conference this morning jointly held by the propaganda department of the provincial party committee, the provincial statistical bureau, and the provincial journalists association, a responsible person from the provincial statistical bureau announced data concerning our province's fulfillment of the 1987 economic plan. [passage omitted]

According to the responsible person from the provincial statistical bureau, our province's gross national product in 1987 increased 7.3 percent compared with 1986; the province's national income in 1987 increased 7.7 percent compared with 1986; and its total industrial and agricultural output value increased 11.1 percent compared with 1986. Regarding agricultural production, the province's total grain output in 1987 reached 23.2 billion kg, an increase of 0.7 percent compared with 1986, thus reaching the highest level in history. The province's total cotton output in 1987 reached 430 million kg, thus matching the 1986 level. Due to the reduction in areas sown to oil-bearing crops, the output of these crops in 1987 dropped compared with 1986. [passage omitted]

Regarding industrial production, the province's total industrial output value in 1987 increased over 15 percent compared with 1986, thus exceeding the average national growth rate of 14.6 percent. [passage omitted]

According to a sample survey, the per-capita net income among the peasants in our province in 1987 reached 460.47 yuan, a real increase of 1.7 percent compared to 1986 after allowing for price increases; and the per-capita living expenditure income among urban residents in 1987 reached 861.43 yuan, a real increase of 0.53 percent compared to 1986 after allowing for price increases.

The responsible comrade from the provincial statistical bureau noted: A number of unstable factors still exist in the economic life of our province. The following are the major unstable factors:

First, there have been relatively big price increases. The province's general retail commodities price index in 1987 increased 7.6 percent compared with 1986.

Second, although there have been bumper agricultural harvests, the province's pig production has been unstable. The number of pigs on hand in the province in 1987 dropped 642,300 pigs compared to 1986.

Third, some raw and processed materials needed for industrial production have been in short supply, and our energy industry has experienced slow growth.

Fourth, the province has so far failed to end once and for all the situation in which the total social demand exceeds the total social supply. Although the urban residents' excessive growth rate of consumption has been changed to some extent, there has been an excessive growth rate of institutional consumption.

All these problems remain to be solved through our work to be carried out in the days to come.

Hunan Governor Discusses Rural Reforms
*HK290323 Changsha Hunan Provincial Service
in Mandarin 1000 GMT 28 Jan 88*

[Excerpts] Governor Xiong Qingquan said in his government work report that in developing and perfecting two-level management in the rural areas, it is necessary to stabilize one thing and develop two: Stabilize the contract responsibility system with payment linked to output, based on the household; and develop courtyard economy and village-run economy centered on providing services.

Governor Xiong said that contracted management by the household is the foundation of two-level management. It suits the demands of developing the rural productive forces and rural commodity economy. It should be kept stable and continually perfected over a long period of time. Land contract relations should be perfected further. The contract period can be extended. Contracted land can be inherited, and can also be transferred for payment. We should gradually establish systems for assessing the grades of land and for dealing out rewards and penalties according to whether the soil fertility improves or declines. This should be regarded as an important aspect in perfecting the contents of the contracts, and should encourage the peasants to increase investment in the land, improve its fertility, and avoid plundering-style operations.

Vigorously developing courtyard economy and practicing intensive management is a good way of invigorating the rural commodity economy and enriching the peasants. The government at all levels should actively advocate this method and strengthen guidance for it. In particular, in poor areas we should regard it as a breakthrough point in extricating people from poverty and enriching them. Peasants should be encouraged to set up household forest and fruit farms, stock farms, and small shops and processing plants, to develop production and increase income.

Xiong Qingquan said that all village-run economic organizations must provide services for production, coordinating management, and accumulating assets. They should organize unified construction of agricultural capital construction and unified efforts in managing water and fighting natural disasters. They should provide the necessary production services for household operations. They should also actively organize efforts to exploit resources, and establish village-run industries and other enterprises in light of local conditions. [passage omitted]

Xiong Qingquan said in his report that the focal point in reforming the science and technology system is to enliven the research organs and personnel. It is necessary to promote division of responsibilities between the government and the research organs, further streamline the administration and delegate powers, and fully implement the research institute director responsibility system, the system of responsibility for targets to be met

during a director's term of office, and the contracted management system. These organs should also face society and go in for public bidding. Managers should be selected through competition.

We must ensure that research units penetrate the economy in various ways and develop into new-style scientific research and management bodies. These units can lease, contract, or buy enterprises and can also set up enterprises for exploiting technology. They should unify research, operations, and production. [passage omitted]

On education reforms, Governor Xiong said that they should improve the quality of the laborers and train qualified talent. The purpose of running the schools should be shifted to mainly serving economic construction. [passage omitted]

Governor Xiong Qingquan pointed out that changing government work functions to meet the needs of separating party and government, and government and enterprise is an urgent task in economic and political structural reform. The government at all levels must clearly define government functions in economic management and the functions of the enterprises in engaging in production operations, centered on developing the economy and invigorating the enterprises. It is necessary to further streamline the administration and delegate powers and smooth out relations between the government and the enterprises. In the future, government departments will not, in principle, directly manage the enterprises any more. All powers that should be delegated must be delegated in line with the principle of self-decision-making and self-management. These powers must not be retained or removed.

To create conditions for reforms of the government organs, from now on it is not permitted to upgrade organs or increase their staff, except where special regulations have been issued by the State Council. Departments must exercise their functions properly before the organs are changed, and maintain normal operations in government work. [passage omitted]

We must actively promote reforms in the personnel system, seriously establish the state civil servant system, and manage cadres according to classification. [passage omitted]

Southwest Region

Xizang CPPCC Calls for Fighting Splittism
*HK280727 Lhasa Xizang Regional Service
in Mandarin 1130 GMT 24 Jan 88*

[Excerpts] The 11-day 6th session of the 4th regional CPPCC Committee concluded in Lhasa on 23 January. Regional CPPCC Committee Chairman Raidi and Vice Chairmen Pagbalha Geleg Namgyai, Zheng Ying, Samding Doje Pamo, Lhamin Soinam Lhunzhub, Jimzhong, Gyaincain Puncog, Liu Yongkang, Danzeng Jiacao,

Lhalu Cewang Doje, Huokang Suolang Bianba, Tangmai Gongjue Baiyin, Gangbasa Tudeng Jihan, Qaba Gaisang Wangdui, (Xu Qingnan), and Cedain Zhoima attended the session.

Responsible comrades of the regional party committee, the regional Advisory Commission, the regional People's Congress, the regional government, and the Xizang Military District attended the session. Doje Cering, Basang, Mao Rubai, Dangzin, and Cai Xu also attended the session and extended congratulations on its success.

The participants unanimously adopted a political resolution of the 6th session of the 4th regional CPPCC Committee. They also adopted resolutions on the Standing Committee of the regional CPPCC Committee's work report and on the report on the disposition of motions.

Banqen Erdini Qoigy Gyaincai, NPC vice chairman and honorary president of the Buddhist Association of China, attended the opening meeting of the session. The participants were greatly honored by this. During the session, the NPC vice chairman delivered an important speech.

The session held that Vice Chairman Banqen's speech is of important guiding significance to members of CPPCC committees at all levels in reaching a clear understanding of the situation, in strengthening their confidence, and in further and properly carrying out CPPCC work. They unanimously held that they resolutely support the decision made by the central leadership, and will support and coordinate Vice Chairman Banqen's work in order to better carry out the work of Xizang.

The session pointed out: A prominent problem in Xizang at present is to safeguard national unity and to wage a struggle against splittism. Therefore, we must continue to hold aloft the banner of patriotism, solidarity, and progress; implement the spirit of two enlarged meetings of the Standing Committee of the regional party committee; and firmly and unswervingly implement various special policies and measures formulated by the central leadership; continue to implement all policies. We must also continue to unite with all people who support the unification of the motherland and oppose splittism; isolate the handful of splittists; and carry through to the end the struggle against splittism. [passage omitted]

Some 317 members of the regional CPPCC committee attended the closing meeting of the session. On the afternoon of the same day, Banqen Erdini Qoigy Gyaincai, NPC vice chairman and honorary president of the Buddhist Association of China, and regional party, government, and army leading comrades had a group photograph taken with the members attending the 6th session of the 4th regional CPPCC Committee to mark the occasion.

Xizang's Banqen, Leaders on Lama Policy
HK280751 Lhasa Xizang Regional Service
in Mandarin 1130 GMT 26 Jan 88

[Text] On the morning of 26 January, Banqen Erdini Qoigy Gyancan, vice chairman of the NPC Standing Committee and honorary president of the Buddhist Association of China, and a number of leaders from the autonomous regional party and government organizations visited the United Front Work Department under the autonomous regional party committee. The group attended a forum of representatives of lamas from the three major temples, Sera, Zhebug, and Gandain, thus ensuring implementation of the three major policies (?adopted by the central authorities).

Attending the forum were Wu Jinghua, Raidi, Doje Cering, and [named indistinct]. Also attending were leaders from the autonomous regional party committee and autonomous regional people's government; responsible comrades from the autonomous regional United Front Work Department, the autonomous regional Commission for Nationalities and Religious Affairs, and the autonomous regional Department of Culture; and responsible comrades from Lhasa City and the autonomous regional Buddhist Association.

During the forum, representatives of the lamas from the Sera and Zhebug Temples said: Many lamas from our temples participated in the two riots in Lhasa, thus breaking the law. However, thanks to the lenient policy adopted by the central party authorities and the loving care shown by Great Master [a courtesy title used to address a Buddhist monk] Banqen, the lamas from our two temples, have already returned to their temples. We are very grateful to the central authorities for this good policy.

The lamas' representatives also said that they will make great efforts to promote the yearly Tibetan Buddhist prayer festival in Lhasa.

NPC Standing Committee Vice Chairman Banqen and the leading comrades from the autonomous regional organizations conscientiously listened to the opinions and demands made by the representatives of the lamas from the three major temples. Their opinions and demands related to reorganizing and maintaining Buddhist temples, and also related to increasing remunerations for those personnel engaged in studying and teaching Buddhist scriptures.

After listening to speeches delivered by representatives of the lamas, NPC Standing Committee Vice Chairman Banqen said: It goes without saying that we should gradually pay close attention to ensuring implementation of the policy. I hope that lamas in all our temples will be patriotic; love our religion; observe discipline; abide by the law; and strictly guard against doing things that are detrimental to the people, the temples, and

individual persons or run counter to our religious doctrines, policies, and legal provisions. It is imperative to make contributions that enable Buddhism to flourish and allow the people to live and work in peace, contentment, and good health.

Next, NPC Standing Committee Vice Chairman Banqen and the leaders from the autonomous regional organizations returned two lost articles to the Gandain Temple, namely, a gilded collection of Buddhist scriptures called "Tripitaka" in Tibetan, and the treasured cup once used by Emperor Gaozong under the reigning title of Qianlong during the Qing Dynasty. They also presented to the responsible persons of the three temples bank deposit books containing a total of 2,514,000 yuan in compensation for the temples' properties confiscated during the Cultural Revolution. (Zhashi Lunbuzhi) has donated a total of 150,000 yuan to various temples.

During the forum, Doje Cering, deputy secretary of the autonomous regional party committee and chairman of the autonomous regional people's government, announced the following four decisions made by the regional party committee and regional people's government.

First, when lost historical and cultural relics belonging to the temples are found, they must immediately be returned to their rightful owners.

Second, compensation must be paid once and for all for temple properties confiscated during the Cultural Revolution.

Third, Buddhist monks residing in temples who have been registered as urban residents since 1985 will enjoy the same subsidies for meat as enjoyed by local urban residents.

Fourth, starting from 1 January 1988, those old lamas with board and lodging provided by temples will enjoy the same social security services as enjoyed by the local childless and infirm old persons who are guaranteed food, clothing, medical care, housing, and burial expenses by their villages.

In his speech at the forum, Wu Jinghua, secretary of the autonomous regional party committee, said: At present, we must simultaneously ensure implementation of policies and rectification of party style. We must criticize and correct leftist things that emerged during the Cultural Revolution and implement policies. It is imperative to continue promoting this kind of work. We will not be soft in the slightest degree toward anyone engaged in promoting independence. It is absolutely forbidden to promote independence.

North Region

Nei Monggol Government's Personnel Changes SK290520 Hohhot NEIMENGGU RIBAO in Chinese 7 Jan 88 p 1

[Text] The Nei Monggol Autonomous Regional People's Government appointed Tian Jianying [3944 1696 5391] as deputy director of the Nei Monggol Autonomous Regional Supervisory Department; Zhang Liang [1728 0081] as deputy director of the New Monggol Autonomous Regional Financial Department; Shen Shuji [3088 3219 3444] as deputy director of the Nei Monggol Autonomous Regional Building Material Industry Bureau; Surongzhabu [5685 2837 2089 1580] as president of the Nei Monggol Mongolian Medical College; and Qin Yongchun [4440 3057 2504] as vice president of the Nei Monggol Mongolian Medical College. It removed Zhang Yuchen [1728 3768 3819] from the post of deputy secretary general of the Nei Monggol Autonomous Regional People's Government; Meng Xianguo from the post of deputy head of the Hinggan League Administrative Office; and Qin Yongchun from the post of vice president of the Nei Monggol Medical College.

Shanxi Elects Vice Chairmen, Vice Governors HK290203 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 28 Jan 88

[Excerpts] The First Session of the Seventh Shanxi Provincial People's Congress held its fifth full meeting on 28 January to elect the vice chairmen of the provincial People's Congress Standing Committee, the secretary general of the committee, and the vice governors. Huo Fan, executive chairman of the presidium, presided. [passage omitted] The 715 deputies solemnly cast their votes on behalf of the 26 million people of the province. Li Ligong, Lu Gongxun, Ruan Bosheng, Wang Tingdong, Feng Suta, and other presidium members were present. [passage omitted]

Yan Wuhong, Feng Suta, Zhang Jianmin, Pan Ruizeng, Liu Yanqing, and Wei Yunyu were elected vice chairmen of the provincial People's Congress Standing Committee. Bai Qingcai, Guo Yuhuai, Wu Dacai, and (Wu Jinzhong) were elected vice governors. (Wu Rui) was elected secretary general of the provincial People's Congress Standing Committee.

Tianjin Living Standards Improved in 1987 OW281854 Beijing XINHUA in English 1051 GMT 27 Jan 88

[Text] Tianjin, January 27 (XINHUA)—People residing in Tianjin lived a lot better last year thanks to increases in occupational subsidies and bigger bonuses.

According to last year's sample survey of Tianjin residents, annual living expenses per person hit an all-time high average of 1,094 yuan, or 10.7 percent more than in 1986, while the value of each family's property averaged 3,880 yuan.

Even with the increases, differences in incomes still exist. Some households saw a decrease in their real income last year as a result of price hikes.

Last year, not enough television sets, washing machines and refrigerators were available for consumers wanting to buy, and statistics showed 10 percent of the buyers were from low income families.

Northeast Region

Heilongjiang Reports 'Bumper Grain Harvest' HK280722 Beijing RENMIN RIBAO in Chinese 25 Jan 88 p 1

[Article by reporter Wu Peizhen (2976 1014 4176):
"Heilongjiang Province Reaps Bumper Grain Harvest
Despite Serious Natural Disaster"]

[Text] Due to the input of labor, funds, materials, and scientific and technical knowledge, Heilongjiang Province has achieved a bumper grain harvest in 1987. This is in spite of the fact that about half of the farmland suffered from natural disasters. It has boasted its third bumper harvest year since the founding of the PRC.

Last year, spring drought, summer floods, low temperatures, and lack of sunshine adversely affected 56 million mu of grain land (accounting for 44 percent of the province's 127 million mu of cultivable land). Under these conditions, the province would usually have suffered a reduced output of 2.5 to 3.5 billion kg. However, it turned out that there was a reduction of 750 million kg compared with the best year, 1986, while there was an increase of 2.7 billion kg compared with 1985—a year marked with quite serious natural disasters. The title won in the past 3 years for a switchover from the province's import of rice to its export of rice and from coarse food to refined food was maintained.

Why were the sons and daughters of Heilongjiang so blessed? It was not a blessing from heaven but the result of human efforts.

This reporter discovered that the masses of peasants in the province knew that trading can enable them to earn more than farming. But, very few had given up farming for trading. Farmland was assured of an adequate input of labor.

Provincial leadership departments had all along treated increased grain production as a fundamental provincial task in regard to economic strategic arrangements and general and specific policies. In 1987, the provincial

agricultural investment showed an increase of 410 million yuan, an increase of 25 percent compared with 1986. One-third of the provincial foreign reserves were used to buy chemical fertilizers, plastic sheeting, and other urgently needed materials. For every 50 kg of grain sold, a peasant could obtain 5 kg of chemical fertilizers at special rates before June. There was also a relatively abundant supply of materials and facilities in fighting drought and floods. In Qiqihar Prefecture alone, 2,300 electrically operated wells and 57 pumping stations were built in a hurry in spring. This helped greatly in relieving the degree of dryness affecting 11 million mu.

This reporter also found that "strengthening investment in science and technology and wresting grain from science and technology" was a relatively unified large-scale action at higher and lower levels. Departments directly under the province sent 3,000 scientific and technical workers in the agricultural field to the forefront of the county or town. They joined basic-level scientific and technical personnel in widely organizing and establishing agricultural science and technology promotion stations. These promotion stations helped peasants in readjusting the mix of crops (such as converting low-lying fields into rice fields, and so forth), with local features in mind. In matters of seed selection, seedling cultivation, sowing and transplanting, field management, and so forth, comprehensive technology development programs and separate technologies were introduced, with obvious results achieved. As far as scientific planting of high-yield crops alone is concerned, 31.56 million mu of land, accounting for one-third of the province's cultivable land, yielded 9.7 billion kg of grain, representing more than half of the province's total output of 17 billion kg.

A responsible person of the province revealed that Heilongjiang had formulated a plan for agricultural investment on a still larger scale. The chemical fertilizer industry would step up efforts in expanding the scale of production, setting up farm machinery and irrigation facilities, reclaiming and harnessing the plains of Sanjiang, promoting fine seed strains, transforming middle- and low-yield land, and so forth. These efforts would be provided with a relatively large supply of funds. For some of the projects, foreign capital would be drawn upon. The building of soybean production bases in 24 counties called for an input of 1 billion yuan in 5 years. The completion of this project would bring about an increased annual output of 2 billion kg of soybeans. Thus, Heilongjiang's grain output would reach a new stage.

Heilongjiang Congress Committee Meeting Opens
SK280435 Harbin Heilongjiang Provincial Service
in Mandarin 2200 GMT 26 Jan 88

[Text] The first Standing Committee meeting of the Seventh Heilongjiang Provincial People's Congress opened in Harbin on 26 January.

The meeting was presided over by Sun Weiben, chairman of the provincial People's Congress Standing Committee. Vice chairmen of the provincial People's Congress Standing Committee, including Wang Jun, Wang Yusheng, Wang Zhaozhi, Du Dianwu, He Shoulun, Zhang Ruoxian, Zhao Qingjing, and Ji Hua, attended the meeting. Vice Governor Chen Yunlin, and (Tang Lanting), president of the provincial Higher People's Court, attended the meeting as observers.

Zhang Ruoxian, vice chairman of the provincial People's Congress Standing Committee, first gave a briefing to the committee members on how the provincial People's Congress Standing Committee exercises its functions.

Secretary General Qu Shaowen gave a report on the 1988 major points of work of the provincial People's Congress Standing Committee. (Bai Zheng), deputy secretary general of the provincial People's Congress Standing Committee, explained the draft rules of the procedures of the Heilongjiang Provincial People's Congress Standing Committee.

Heilongjiang CYL Committee Conference Ends
SK291134 Harbin Heilongjiang Provincial Service
in Mandarin 1000 GMT 28

[Text] After a 3-day session, the work conference of the Heilongjiang Provincial CYL Committee ended at the Harbin Youth Center on 28 January.

The conference studied and discussed CYL reform, worked out a plan for CYL work in 1988, and commended and awarded advanced units emerging from the 1987 campaign of creating first-grade CYL work.

Conference conclusions were summed up as follows: This year, CYL organizations throughout the province should focus their work on economic construction, take the development of productive forces as a work standard, regard the work of making contributions and cultivating persons as a major subject, pay prominent attention to studying the documents of the 13th CPC Congress, emancipate their minds, deepen reform, comprehensively improve CYL work, and strive to make contributions to rejuvenating Heilongjiang.

Comrade Wang Haiyan, member of the Standing Committee of the provincial party committee and director of the Organizational Department of the provincial party committee, attended the conference.

He called on CYL organizations at various levels throughout the province to guide young people to exert greater efforts for their hometowns in the course of reform and construction.

Jilin Blood Products Free From AIDS Virus
OW281250 Beijing XINHUA in English 0809 GMT
28 Jan 88

[Text] Beijing, January 28 (XINHUA)—Tests on a number of blood products put out by the Changchun Institute of Biological Products in Jilin Province show that all are free from the AIDS virus, HEALTH NEWS reported today.

Conducted by the AIDS Study and Test Center under the Chinese Academy of Preventive Medicine, the tests examined 51 batches of albumin, 63 batches of immune globulin, 40 batches of hepatitis B vaccine and two batches of factor VIII vaccine.

The paper quoted Professor Zen Yi, deputy director of the academy, as saying that the results of the tests were satisfactory.

According to clinical studies, one of the main transmission channels for the AIDS virus is blood transfusions. China has discovered several such cases resulting from the use of imported blood products since 1984, and the Ministry of Public Health has already put a ban on the import of blood products.

In addition, a physical check-up on 3,700 potential blood donors in Changchun also proved they are free from the AIDS virus.

Gao Di Attends Jilin Congress Meeting
SK280457 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 27 Jan 88

[Text] The presidium of the first session of the seventh provincial People's Congress held its second meeting this morning. The meeting heard a report delivered by Wang Zhongyu, deputy secretary of the provincial party committee, on behalf of the Jilin Provincial CPC Committee. The report discussed and explained the projected namelist of the province's deputies to the seventh NPC, the projected namelist of the chairman, vice chairmen, secretary general, and members of the seventh provincial People's Congress Standing Committee, on the choice of candidates for governor and vice governors of the Jilin Provincial People's Government, and on the choice of candidates for the president of the provincial Higher People's Court and chief procurator of the provincial People's Procuratorate.

After full discussions, members of the presidium unanimously approved to submit to the deputies for discussion the namelists of the candidates suggested by the provincial party committee as candidates nominated by the presidium of the session.

Huo Mingguang, executive member of the presidium, presided over the meeting. Other executive members attending the meeting were Gao Di, Liu Cikai, Cheng Shengsan, Wu Duo, Cui Lin, Wang Jiren, Yu Ruihuang, Dong Su (female), Renqinzhamusu, Zhu Jinghang, and Xu Yuancun.

This afternoon, deputies to the first session of the seventh provincial People's Congress began to hold group discussions on the various draft namelists of candidates, and to elect ballot supervisors.

Jilin CPPCC Session Concludes 27 January
SK290449 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 27 Jan 88

[Excerpts] The First Session of the Sixth Jilin Provincial CPPCC Committee concluded successfully in Changchun this afternoon after satisfactorily fulfilling its agenda. The session called on CPPCC organizations at various levels throughout the province to thoroughly study and implement the guidelines of the 13th party congress, hold high the banners of socialism and patriotism, further consolidate and expand the patriotic united front, unite with the people from various circles, mobilize all positive factors, and strive to build our country into a rich, powerful, democratic, and civilized socialist modern state, achieve the peaceful reunification of the motherland, and revitalize Jilin.

The closing ceremony of the session was held at the auditorium of the provincial party committee office. Through democratic consultations and secret balloting, the session elected the leading body and the members of the sixth provincial CPPCC Committee. Amid warm applause, Liu Yunzhao was elected as chairman; Feng Ximing, Zhang Dexin, Guan Mengjue, Miao Zhuxian, Geng Yuelun, Luo Yuejia, Jin Minghan, Cai Yiyun, Lu Shiqian, and (Feng Xirui) as vice chairmen; (Zhang Hongkui) as secretary general; and (Ding Kequan) and other 99 comrades as Standing Committee members of the sixth provincial CPPCC Committee. [passage omitted]

Liu Yunzhao, new chairman of the provincial CPPCC Committee, spoke at the session. In his speech, Liu Yunzhao highly praised the enterprising, reformatory, and creative spirit displayed by the fifth provincial CPPCC Committee in carrying out its various works, and fully affirmed its great amount of work for consolidating and developing the patriotic united front, and for accelerating our province's building of the two civilizations. On behalf of all members of the new provincial CPPCC Committee, he also extended high respect and heartfelt gratitude to Liu Jingzhi, Zhang Fengqi, He Yunqing, Xin Cheng, and other Standing Committee members and members who no longer assume leading posts in the new provincial CPPCC Committee. In his speech, Comrade Liu Yunzhao also discussed the new situation and new tasks that the CPPCC encounters after the 13th party congress. Speaking on how to successfully carry out the work of the new CPPCC Committee in a

down-to-earth manner, he put forward four requirements. First, the CPPCC Committee should further study well the documents of the 13th party congress, enhance its understanding of the theory on the initial stage of socialism, and embody the guidelines of the 13th party congress in the CPPCC work, with the focus on accelerating reform. Second, the CPPCC Committee should strengthen close cooperation with various parties in carrying out its work successfully, with the common ideal as their goal. Third, the CPPCC Committee members should acquire knowledge about situations, fully develop their talents and specialities according to needs, continuously increase their ability to participate in and discuss political affairs, and to conduct consultations and supervision, and serve as good advisers to party committees and governments in their overall policymaking. Fourth, CPPCC organs should be further improved.

Comrade Liu Yunzhao concluded: The CPPCC has bright prospects. CPPCC organizations at various levels, and their members, should clearly understand the situation, arouse their spirit, and develop their advantages to fulfill the glorious tasks of the CPPCC entrusted by this era.

The new chairman, vice chairmen, secretary general, and Standing Committee members of the sixth provincial CPPCC Committee were seated on the rostrum. Also seated on the rostrum were members of the presidium of the session.

Geng Yuelun, vice chairman of the provincial CPPCC Committee, presided over the closing ceremony.

Liaoning Congress Session Elects New Leaders
SK280411 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 26 Jan 88

[Text] The first session of the seventh provincial People's Congress held its third plenary meeting this morning. The purpose of this session was to elect the chairman, vice chairmen, and secretary general of the seventh provincial People's Congress Standing Committee; the governor and vice governors of the provincial People's Government; the president of the provincial Higher People's Court; and chief procurator of the provincial People's Procuratorate. In line with the election methods of the first session of the seventh provincial People's Congress adopted by the congress, and through secret balloting, the deputies conducted elections of the following personnel from the same number of candidates. They elected Wang Guangzhong as chairman, and Qi Zheng as secretary general of the seventh provincial People's Congress Standing Committee. They elected Li Changchun as governor of the provincial People's Government, and Zhang Huanwen as president of the provincial Higher People's Court. They also elected the chief procurator of the provincial People's Procuratorate, and the name will be submitted to the NPC Standing Committee for approval according to law.

Through secret balloting, they elected from a larger number of candidates Zhang Tiejun, Lou Erkang, Tang Hongguang, Gu Jingxin, Feng Yousong, Zhang Zhiyuan, Cui Ronghan, Zuo Kun, Cheng Jinxiang, and Li Jun as vice chairmen of the seventh provincial People's Congress Standing Committee. They elected Zhu Jiazhen; Chen Suzhi, female; Lin Sheng; Wen Shizhen; Xiao Zuofu, and (Wang Wenyuan) as vice governors of the provincial People's Government.

Executive chairmen of today's meeting were Quan Shuren, Zhang Zhengde, Xie Huangtian, Lou Erkang, Tang Hongguang, Liu Zhenghao, Zhang Shiyuan, Bian Guosheng, Li Shengtu, (Yu Kaifu), (Wu Xianzhou), (Zhao Lianji), and (Liu Zhenhuan). Xie Huangtian presided over today's meeting.

Liaoning People's Congress Session Concludes
SK290537 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 7 Jan 88

[Text] The 8-day first session of the seventh provincial People's Congress concluded successfully at Liaoning's Renmin Theater this afternoon after satisfactorily fulfilling its scheduled agenda. Today's executive chairmen of the session were Quan Shuren, Dai Suli, Zhang Zhengde, Wang Guangzhong, Li Zemin, Xie Huangtian, Zhang Tiejun, Lou Erkang, Tang Hongguang, Gu Jingxin, Liu Zenghao, Feng Yousong, Zhang Zhiyuan, and Cui Ronghan. Attending today's closing ceremony were Comrades Guo Feng, Huang Oudong, Li Tao, Song Li, Hu Yimin, and Liu Dongfan. Also attending were Li Changchun and Sun Qi, leading persons of the provincial party committee and government.

Wang Guangzhong, new chairman of the seventh provincial People's Congress Standing Committee, presided over the session. The session approved a resolution on the work report of the provincial people's government, a resolution on the 1988 plan for national economic and social development, a resolution on the fulfillment of the province's 1987 budget and on the 1988 budgetary estimate, a resolution on the work report of the provincial People's Congress Standing Committee, and a resolution on the work reports of the provincial Higher People's Court and the provincial People's Procuratorate.

At the fourth plenary meeting held on the morning, 653 deputies elected 144 Liaoning deputies to the Seventh NPC and 50 Standing Committee members of the seventh provincial People's Congress through secret balloting from a larger number of candidates.

On behalf of the new leading body of the provincial government, Li Changchun, new provincial governor, spoke at the closing ceremony. He said: The election of us, seven comrades, as provincial governor and vice

governors represents the great trust of the people's deputies, and of the people of various nationalities throughout the province expressed through the people's deputies. We feel wholeheartedly grateful for this. We resolutely support the series of resolutions approved at this session, and will resolutely carry them out. During the session, the deputies have offered sharp and earnest criticism of the work of the previous government in a conscientious and responsible manner. This shows their concern, love, and support for the government work, and has enabled us to receive a profound education, and discover where we lag behind. It is valuable in our efforts to improve the government work. We should study well the opinions that you have offered. We, the new leading body of the provincial government, are confident of carrying out our work successfully by relying on the people of various nationalities throughout the province, and on the assistance and support of the People's Congress Standing Committee.

Wang Guangzhong, new chairman of the seventh provincial People's Congress Standing Committee, also spoke at the closing ceremony. He expressed the determination to live up to the trust of the people's deputies, and achieve a greater success in the work of the People's Congress Standing Committee. He urged the deputies to exert greater efforts when they return to their own work posts to push our province's socialist modernization forward.

Liaoning CPPCC Session Concludes 26 January
SK280413 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 26 Jan 88

[Excerpts] The First Session of the Sixth Liaoning Provincial CPPCC Committee concluded ceremoniously in Shenyang this afternoon. The session elected the chairman, vice chairmen, secretary general, and Standing Committee members of the Sixth Liaoning Provincial CPPCC Committee, approved a report on the examination of motions, and approved a resolution on the first session of the sixth provincial CPPCC Committee. [passage omitted]

The session elected Xu Shaofu as chairman, Shen Xianhui, Chen Enfeng, Chen Yanzhi, Niu Pingfu, Liu Mingjiu, Lu Guangji, Gu Xueqiu, Ma Longxiang, Yue Weichun, Liu Qingkui, Peng Xiangsong, Li Qisheng, Li Ming, and (Wang Shuzhi) as vice chairmen, and (Li Binghua) as secretary general of the provincial CPPCC Committee. [passage omitted]

Northwest Region

Gansu Issues Productive Forces Circular
HK290453 Lanzhou Gansu Provincial Service
in Mandarin 1100 GMT 28 Jan 88

[Text] The Gansu Provincial CPC Committee issued a circular on 25 January on launching throughout the province a discussion on the productive forces criterion.

The circular said: Guided by the line of seeking truth from facts of the 3d Plenary Session of the 11th CPC Central Committee, a situation of continual deepening of reforms, steady development of the economy, and political stability and unity has emerged in the province. However, we still lag far behind the demands of the 13th National CPC Congress and also behind advanced provinces and regions. The most important discrepancy is that we have not gone far enough in emancipating our minds and are not bold enough in pioneering and creating new things.

The provincial party committee discusses the issue of studying and publicizing the documents of the 13th National CPC Congress. In its decision on these issues the committee pointed out that it is necessary to launch a discussion regarding whether or not something is beneficial to the development of the productive forces as the fundamental criterion for testing all work, and that further emancipating the mind and the productive forces should be regarded as the focal point in the study and publicity of the 13th National CPC Congress spirit.

The circular held that in light of the current requirements of economic and political structural reform and near-term development in the province, this discussion should be focally linked with the following practical issues: How to gain an all-round understanding of one core and two basic points; have the leaders at all levels shifted their main effort to the core task, economic construction; how to eliminate the influence of leftist ideas such as purer and ever purer, and the bigger and the greater degree of public ownership, the better; how to shake off the bindings of ossified thinking on product economy; how to eliminate the traditional concept of self-sufficient small production; how to break through barriers between departments and the stockpiling of talented people; and how to eliminate traditional ideas such as promotion according to seniority, which suppress initiative and creativity.

The provincial party committee's circular said that the key to making a success of this discussion lies in having the leadership taking the lead and setting the example. The leading cadres at all levels must take the lead in participating in discussion and in emancipating the mind. The key to judging whether this discussion has been carried out effectively and in depth lies in seeing whether we can uphold the productive forces criterion to correctly sum up experiences and lessons and solve ideological obstacles and work difficulties currently being encountered in reforms. The key to this judgement also lies in whether we can base ourselves on developing the productive forces in producing schemes and measures for deepening the reforms that accord with the realities of our areas, departments, and units, brace the spirit of the cadres and masses, and work with arduous efforts and self-reliance to score still greater achievements in the province's economic construction and all other work.

Severe Drought Hits Gansu Province

OW281940 Beijing XINHUA in English 0906 GMT
27 Jan 88

[Text] Lanzhou, January 27 (XINHUA)—A severe drought has affected 38 counties in northwest China's Gansu Province causing drinking water shortage for 710,000 residents and 2.3 million draught animals, according to a provincial official.

He said the drought, which began in 1986, is the most serious in this century and the provincial government has appropriated 9.3 million yuan for the drought-stricken areas to get drinking water supply.

In Huining County alone, 37 trucks, 197 tractors, 1,482 carts and 3,590 farmers are engaged in transporting drinking water from other places each day.

Local governments resort to agrosience and labor service as a way to tide over the calamity. The provincial government has invested seven million yuan in popularizing plastic sheeting technology and maintaining water conservancy facilities.

Laborers have moved to work in other areas to earn money. In Linxia Hui autonomous prefecture 202,600 farmers have been organized to work in the Tibet, Xinjiang and Inner Mongolia autonomous regions, and Sichuan Province.

Shaanxi Acting Governor Condemns Irregularities

OW281035 Beijing XINHUA Domestic Service
in Chinese 0812 GMT 27 Jan 88

[By reporter Wan Wuyi]

[Text] Xian, 27 Jan (XINHUA)—Recently, Shaanxi Acting Governor Hou Zongbin commented on the records falsifying and repeated changing of county per-capita income performed by some leaders of Yanchuan County; these irregularities were exposed by XINHUA reporters. Hou said: Those people went so far as to change at will the figures of the peasants' per-capita net income in the annual report, as if they were playing magic tricks. The truth of the matter is that it was done by some leaders in order to exaggerate their achievements or meet other needs at the expense of the several hundred thousand people in the county, an old revolutionary base area. A genuine communist will not do anything like this.

In 1986, some leaders of Yanchuan County, when examining the county statistical bureau's report, found that the county's 1985 grain output, agricultural output value, and per-capita net income had decreased. In order to exaggerate their achievements, they instructed the departments concerned to change the figures in the original reports submitted by various townships and towns, raise the figure of the county's per-capita income first from 188 yuan to 204 yuan, and later to 206.8 yuan.

When the state published the policy of helping poor counties, they changed the figure to 183 yuan. Later on, when they heard that a county with per-capita income below 150 yuan could be treated as a very poor county, they again changed the figure, this time to 134.5 yuan. The Shaanxi provincial statistical bureau has verified that Yanchuan County's actual per-capita net income that year was 176.5 yuan.

Hou Zongbin told me: Such a fraud has created a very bad influence. We must not simply close the case by saying that it is hard to find out who is to blame. We must find out who is to blame, in accordance with the Statistics Law.

Hou Zongbin said in conclusion: In the past, we suffered a great deal because of fraud and exaggeration. Yanchuan County and the entire northern part of Shaanxi Province are old revolutionary base areas with glorious traditions. The Yanan work style of seeking truth from facts, working hard, and serving the people wholeheartedly originated here. All cadres and people of Shaanxi Province should carry forward the Yanan work style.

Shaanxi Official Discusses Price Problems

*HK270327 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 26 Jan 88*

[Excerpt] The provincial government held a press conference yesterday morning. Spokesman (Xia Yu) and responsible persons of departments and bureaus concerned discussed market price issues.

[Begin recording] (Xia Yu): While carrying out price reforms, it is a fact that the general price level has risen somewhat. In particular, in the past 3 years the rise has been comparatively great. During the 3 years from 1985 to 1987, the retail price index respectively rose by 6.5 percent, 5.2 percent, and 8.3 percent. The price index for everyday expenditures of staff and workers respectively rose by 7.6 percent, 6.6 percent, and 7.7 percent. The price rises last year, especially for non-staple foods, were relatively great. According to statistics, comparing November 1987 with the same month in 1986, the price of vegetables rose by 21.8 percent, and the price of eggs and meat rose by over 30 percent, including a rise of about 40 percent for pork. This has become one of the outstanding problems in economic work. [end recording]

(Xia Yu) then analyzed the reasons for the price rises and outlined the steps taken and about to be taken by the provincial government. These include establishing a provincial general price index ceiling; the strict control of new price adjustments; the improve of non-staple food subsidies for the non-agricultural population in the urban areas; and vigorously promoting the production and supply of pigs and vegetables. [passage omitted]

Shaanxi Meeting Urges Fighting Drought

*HK290403 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 29 Jan 88*

[Excerpts] The province's wheat and rapeseed crops are currently facing serious drought. In addition, the temperature recently fell sharply, and large areas of wheat and rapeseed are growing very poorly as a result of frost. Moreover, winter field management throughout the province has not been grasped tightly and is progressing slowly.

In view of this, the provincial government held a meeting yesterday to study and arrange countermeasures against the drought. The meeting demanded that the leaders at all levels fully understand the gravity of the drought and frost damage done to the summer crops, and mobilize and lead the masses to rapidly launch a drive to protect the crops from drought. [passage omitted] All water conservancy facilities must be used to expand the irrigation area to the maximum. Winter irrigation must be rapidly organized where possible. [passage omitted]

The provincial government demanded that the electric power, chemical fertilizer, financial, agriculture and animal husbandry, supply and marketing, and meteorological departments actively coordinate their efforts to serve agriculture and contribute to wresting a bumper harvest from the drought.

Xinjiang Congress Elects Regional Officials

*HK290233 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 28 Jan 88*

[Excerpts] Amudun Niyaz was today elected chairman of the Xinjiang Regional People's Congress Standing Committee. Also elected were 12 vice chairmen, 1 secretary general, and 37 members. They were elected at the fourth full meeting of the first session of the seventh regional People's Congress. [passage omitted] The chairman and the secretary general were each the sole candidate for their posts; the 12 vice chairmen were chosen from among 14 candidates, and the 37 members were chosen from 41 candidates. Wang Enmao presided at the meeting. [passage omitted]

The elected vice chairmen are Li Jiayu, of Uygur nationality; Caodanofu, of Uygur nationality; (Chen Xifu); Maihesude Tieyibofu, of Uygur nationality; Xiaerxibieke Sijike, of Kirgiz nationality; (Zhang Shaopeng); (Kuerban Ali), of Kazakh nationality; (Abudureyimu Lixifu), of Uygur nationality; (Ma Mingliang), of Hui nationality; (Xu Peng); and (Tuerbayier), of Mongol nationality. The secretary general is (Yashengnasier), of Uygur nationality. [passage omitted]

The session reelected Tomur Dawamat chairman of the regional people's government. Huang Baozhang, Tuohuti Shabier, Hedeerbai, Jin Yunhui, Yusufu Muhannode, and Mao Dehua were elected vice chairmen.

(Kuerban Rouzi) was elected president of the regional Higher People's Court, and Mijiti Kuerban was elected chief procurator.

There was only one candidate for each of the posts of regional government chairman and People's Court president. The six government vice chairmen were chosen from among seven, and the chief procurator was chosen from among two.

Handling of Taiwan-PRC Mail Discussed
HK280736 Beijing ZHONGGUO XINWEN SHE
in Chinese 1341 GMT 26 Jan 88

[Text] Hong Kong, 26 Jan (ZHONGGUO XINWEN SHE)—Taiwan Interior Minister Wu Po-hsiung said yesterday that the authorities have permitted the Taiwan Red Cross to assist in handling mail of inhabitants to their relatives and friends on the mainland. However, "postal communications" between both sides of the strait will not be considered.

Since the restrictions on visiting relatives have been lifted, Wu Po-hsiung said, Taiwan inhabitants can entrust the Red Cross to handle their mail to relatives

and friends on the mainland. However, the question of direct mail from the mainland to Taiwan will be carefully and comprehensively examined 6 months after the implementation of the policy of allowing Taiwan people to visit their relatives on the mainland.

According to a report carried in today's LIENHO PAO, Taiwan people have urged the Red Cross to set up a letterbox to handle mail for people on both sides of the strait. Hsu Heng, new director of the Red Cross who assumed office yesterday, said that he will maintain close ties with the minister of interior and will try to find a method to handle mail that conforms to the people's demands and does not run counter to the policy.

President Seeks Support of Chiang Family
OW2^121 Tokyo KYODO in English 0415 GMT
29 Jan 88

[Text] Taipei, Jan. 29 KYODO—President Li Teng-hui met with Soong Mei-ling, the widow of President Chiang Kai-shek, on Thursday apparently in a reconciliation with the matriarch of the Chiang family, the local press reported Friday.

They held a 30-minute talk that focused on party affairs of the ruling Nationalist party.

Li, who became president following the death of President Chiang Ching-kuo in January, was named acting chairman of the party earlier this week.

Soong, Chiang Ching-kuo's mother and matriarch of the powerful Chiang family, was said to have opposed the appointment.

She reportedly prefers the nomination to be put off until the party's congress, scheduled for July, convenes.

Political observers speculated that Li's visit with Soong was meant as a reconciliatory gesture and to seek political support from the Chiang family, which still wields enormous influence in Taiwan.

President Li To Speed Up Political Reform
HK281134 Hong Kong AFP in English 1119 GMT
28 Jan 88

[By Hsin Hsin Yang]

[Text] Taipei, Jan 28 (AFP)—Taiwan's President Li Teng-hui says he will use his post as acting chairman of the ruling Koumintang (KMT) to speed up the process of political reform initiated by his predecessor.

Mr. Li, 65, became the first native Taiwanese to hold the top party post with a unanimous vote Wednesday by the KMT's central standing committee, which sources close to the committee said followed a week of intense negotiations.

A KMT congress scheduled for July is to elect a chairman and analysts said Mr. Li's confirmation as leader would depend on how he handled the opposition's increasingly vociferous demands for political change.

In July 1987, Chiang Ching-kuo lifted martial law and promised five further reforms in the face of insistent demands from the opposition, led by native Taiwanese who make up the majority of the island's 19 million people.

Mr. Chiang died on January 13 with his reforms incomplete.

"I promise to push ahead with the six political reforms," Mr. Lee said in a statement after he got the top party post. He was sworn in as state president after Mr. Chiang's death and now holds Taiwan's two most powerful positions.

Legislation which will legalise new political parties is expected to be endorsed by parliament in March.

An ad hoc group is expected to submit texts to the committee on February 3 dealing with the rejuvenation of the tricameral legislature—which the KMT says represents the whole of China—and more local say in the appointment of top officials for Taiwan province and the Taipei and Kaohsiung municipalities.

The fifth reform aimed at making the KMT's internal processes more democratic is to be considered in July.

The sixth change would seek to improve Taiwan's social and moral climate by, for example, clamping down on prostitution and the local passion for gambling.

Mr. Li's election followed a week of intense talks between his partisans and conservative veterans on the 31-member committee who preferred either Premier Yu Kuo-hua, or for the post to be left open until July, sources close to the committee told AGENCE FRANCE-PRESSE.

"There were very few members who did not want Mr. Li, but they finally gave way as they did not want to give the impression that there was a power struggle in the KMT," the sources said.

Mr. Yu's speech proposing Mr. Li was printed Tuesday, but some of the old guard still held out for postponing the nomination for one week, saying it would be a mark of respect for the old president.

"That is why the election was not on the agenda of yesterday's meeting," the source said.

During Wednesday's session, James Soong, 45, KMT deputy secretary-general and an influential member of the party's liberal wing, made a strong and sometimes emotional speech calling for the committee to decide on the leadership, according to reliable accounts.

Mr. Soong, who is not on the committee, said he was surprised that the election was not on the agenda. "We cannot stall any longer," he said, and walked out. The committee went ahead with the election.

The INDEPENDENCE MORNING POST, often critical of the government, reported that a letter had been sent to the committee from the Chiang family residence here and implied that Mme. Chiang Kai-Shek, 86, had sought to persuade the committee to delay the election.

"That is pure guesswork," said the source close to the committee.

Analysts said it was by no means certain that Mr. Li would be confirmed in his party post in July. They said this would depend largely on how successful he was in steering a course between the militant opposition and KMT veterans who oppose further political concessions.

The opposition has been quiet during the month-long mourning period which ends on February 13. But on December 25, it mounted the largest political demonstration yet seen here outside the Taipei City Hall, calling for new parliamentary elections.

About 85 per cent of the 1,100 members of Congress were elected in China in 1947 and 1948 to life terms.

Direct Trade With PRC Reportedly Ruled Out
HK291002 Hong Kong AFP in English 0948 GMT
29 Jan 88

[Text] Taipei, Jan 29 (AFP)—Taiwan Friday ruled out direct trade with mainland China warning it could make the island an economic hostage of Beijing.

Government spokesman Yu-ming Shaw told a press conference that the government would not widen its current policy of allowing people to visit relatives on the mainland and labeled independence for Taiwan a "very stupid, suicidal proposition."

Mr Shaw was speaking on the eve of the funeral of president Chiang Ching-kuo who in November lifted a 38-year ban on visits to the mainland and whose near decade in power saw indirect trade between Taiwan and the mainland grow dramatically.

The spokesman reiterated that the government would maintain its policy of "no contact, no compromise and no talks" with Beijing and opposed direct trade.

He said indirect trade currently took up about 1.25 percent of Taiwan's total annual trade of 88 billion U.S. dollars. If trade went to 20 percent, it would "make Taiwan an economic hostage" of Beijing, Mr Shaw added.

Indirect trade was in low-tech items such as rice cookers and radios and growth of this type of market would slow down efforts to upgrade Taiwan's economic structures and in the long run damage its ability to compete with trade rivals such as South Korea and Hong Kong, Mr Shaw said.

He maintained that trade with China was "unpredictable and dangerous" and that orders could be cancelled at any time. Mr Shaw warned that the government would curb Taiwan firms trading with the mainland through front companies in Hong Kong if there was a sudden growth in their deals with China.

Asked if the government intended to widen its policy of allowing people to visit relatives, Mr Shaw ruled out visits by Taiwan academics and sports figures—such as some Taiwan academics have proposed—saying they could "blur the differences" between Taipei and Beijing.

"Any blurring would have unfortunate consequences," he said.

(In the first two months after the ban was lifted, Beijing says 32,000 Taiwan residents visited the mainland.)

Taiwan sought to remain "a shining example of success" and influence people on the other side, he said.

If Taiwan gets too involved in the internal development of mainland China, "we will disappear in the process," said Mr Shaw, adding that the current visits policy had produced very beneficial side effects.

Visitors from Taiwan saw what the situation was like under a communist government and, Mr Shaw asserted, some become "more supportive" of the Taiwan government on their return.

Asked if the government expected the call for Taiwan independence to grow, Mr Shaw remarked: "Independence from what?"

Proposing independence is considered sedition here and opposition politicians—mainly members of the native Taiwanese majority—prefer to use the term self-determination.

Mr Shaw said independence would go against "the very grain and tradition of Chinese history" and would produce no gains for Taiwan. A sudden declaration of independence could "trigger a very violent military reaction" from the mainland, he said.

If independence was declared, mainland Chinese would consider Taiwan people traitors and then we "would know our days are numbered," he said.

"Independence is a very stupid, suicidal proposition," he added.

Chiang's Testament, Tasks To Continue
OW290531 Taipei CNA in English 0306 GMT
29 Jan 88

[Text] Taipei, Jan. 29 (CNA)—Premier Yu Kuo-hua Thursday told Edwin J. Feulner, president of the Washington-based Heritage Foundation, the Republic of China [ROC] Government will follow the testament of the late President Chiang Ching-kuo and strive to accomplish the late leader's unfinished tasks.

Premier Yu received Feulner, who came to Taipei to attend the late President Chiang's state funeral, at the Executive Yuan.

President Li Teng-hui's smooth succession to the presidency four hours after the passing of President Chiang indicates that the ROC has become a mature, democratic nation, Yu told the head of the prestigious U.S. think tank.

On trade relations between the ROC and the United States, the premier said the ROC's efforts to balance trade have caused the growth rate of ROC exports to America to drop behind that of imports from America, and even more U.S. products are expected to be sold on local markets in the future.

Feulner said he has been impressed by the ROC's capability to remain stable politically, socially and economically in the wake of the passing of the late President Chiang.

Hong Kong

Executive Council Firm on 50-50 Defense Split
HK290555 Hong Kong HONGKONG STANDARD in English 29 Jan 88 p 1

[By Wilson Wong]

[Text] The Executive Council [Exco] yesterday refused to bow to pressure from Britain, maintaining that defence costs be shared on a 50-50 basis.

"The ball is now in Britain's court," said one source close to the defence talks.

And unless the British change their stance and agree to alter the current agreement, Hong Kong may not go back to the negotiating table.

Exco made its decision yesterday during a special meeting, where details of the recently-completed fourth round of negotiations were explained to members by the Financial Secretary and leader of the Hong Kong team, Mr Piers Jacobs.

They left the 90-minute Exco meeting tight-lipped.

Under the current agreement, which expires on March 31, Britain pays just 25 percent of Hong Kong's defence costs.

The STANDARD has learnt that Exco members were not happy with the response from the British side, which insisted on maintaining the current percentage in the new agreement.

Hong Kong is paying \$1.7 billion for defence in the current financial year.

"Hong Kong has already made enough concessions in the negotiations, and the proposed 50-50 share arrangement is the bottom line for Hong Kong," said the source. "There should be no more concessions."

A senior government official said Exco believed any agreement other than the proposed equal share arrangement would not be accepted by the Finance Committee of Legco.

Hong Kong officials have argued that the territory will have to spend a huge sum of money on its internal security expansion programmes to fill the vacuum left by the withdrawal of the British garrison in the run-up to 1997.

This should leave Britain paying more for the territory's defence costs, they added.

Exco has resisted pressure from Britain, stating London should take up more of the defence costs as the territory was still under British administration.

Government Said to Rule Out 1988 Direct Pol's
HK290605 Hong Kong HONGKONG STANDARD in English 29 Jan 88 p 1

[By Matthew Leung]

[Text] The Government is understood to have ruled out direct elections to the Legislative Council this year after a series of stormy closed-door meetings.

The STANDARD understands there was a split within the Executive Council [Exco] between those who favoured universal suffrage this year and the conservatives who fought against such a radical political reform.

In the end it was the conservatives who won, mostly because Exco took the view that direct elections would meet with Chinese opposition. They also argued that public opinion contained in the Government Survey Report was not clear cut in favour of "one man, one vote".

It is understood the British Foreign and Commonwealth Office has vetted the final draft of the White Paper.

The Chinese version of the document is being written.

With less than two weeks to go before the Government releases its White Paper on political reforms, the STANDARD understands the document is likely to contain decisions:

—To retain the present 12 constituencies of the electoral college, each electing a member.

—To increase the number of functional constituency seats.

—To reduce the number of appointed Legislative Councillors by less than six.

—To expand the size of the Urban Council by bringing urban district board representatives on the council.

—To retain the 10 official Legislative Councillors.

—To retain the Governor as Legco [Legislative Council] President.

—To make no change to the voting age and the age of eligibility for candidacy at 21 years.

The actual drafting of the document took five weeks, and Exco members went through it topic by topic, the most controversial being direct elections.

The White Paper is expected to spell out in "very clear language" some form of direct elections to Legco by 1991.

At present, Legco is made up of 24 indirectly elected members, 12 each from electoral college and functional constituencies, 22 appointed members and 10 civil servant members.

Sovereignty Over Hong Kong Not Just Symbolic
HK281110 Hong Kong HSIN WAN PAO in Chinese
28 Jan 88 p 1

["Special dispatch" from correspondent Chen Shao-chiang: "China's Recovery of Sovereignty Over Hong Kong By No Means a Symbolic Gesture"]

[Excerpt] Guangzhou, 28 Jan—Li Hou, deputy director of the Hong Kong and Macao Office of the State Council and secretary general of the Basic Law Drafting Committee, said this morning that the Chinese Government will not be just making a symbolic gesture in exercising its sovereignty after the recovery of Hong Kong in 1997.

He said that when the handover takes place, a symbolic election of Hong Kong's existing legislative organs and their continued functioning in a "through train" fashion are not practical.

Li Hou was asked by newsmen whether it would be possible for Hong Kong's existing legislative organs to be elected in a symbolic way when China recovers sovereignty in 1997, so as to preserve the continuity of their functions in a "through train fashion." He said that "symbolic" just means making a gesture, but we (the Chinese Government) will not be just making a gesture with sovereignty.

He also said that, with regard to the emergence of the first government of the special administrative region, further study is needed on the question of whether an electoral method can be stipulated in the basic law or whether a method would be independently devised for producing the "first government." [passage omitted]

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